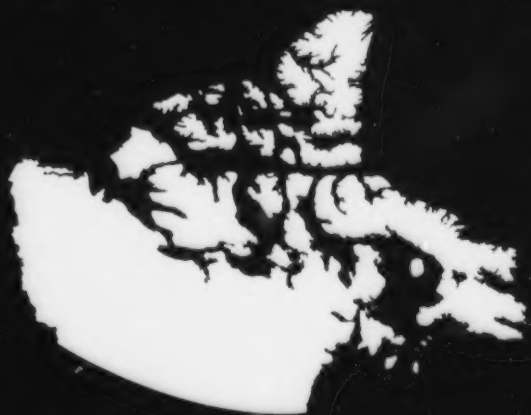




Government of the
Northwest Territories

**Public Accounts
1998-1999**



**PUBLIC ACCOUNTS
OF THE
GOVERNMENT OF THE NORTHWEST TERRITORIES
FOR THE YEAR ENDED MARCH 31, 1999**

**HONOURABLE JOE HANDLEY
Minister of Finance**

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THE HONOURABLE GLENNA F. HANSEN
COMMISSIONER OF THE NORTHWEST TERRITORIES

I have the honour to present the Public Accounts of the Northwest Territories in accordance with Sections 27 through 31 of the Northwest Territories Act (Canada), R.S.C. 1985, c. N-22, and Sections 72 through 74 of the Financial Administration Act, S.N.W.T. 1987(1), c. 16, for the fiscal year ended March 31, 1999.

Joe Handley
Minister of Finance

Financial Management Board Secretariat
Yellowknife, N.W.T.
May 29, 2000

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**Public Accounts of the
Government of the Northwest Territories**

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**Public Accounts of the
Government of the Northwest Territories**

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SECTION I
CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the consolidated financial statements of the Government of the Northwest Territories, and related information contained in the Public Accounts, is the responsibility of management through the Office of the Comptroller General.

The consolidated financial statements have been prepared in accordance with the stated accounting policies set out in Note 2 to the consolidated financial statements and comply with the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants wherever applicable and practical. When alternative accounting methods exist, management has chosen those that are most appropriate. Where required, management's best estimates and judgment have been applied in the preparation of these statements.

The Government fulfills its accounting and reporting responsibilities, through the Office of the Comptroller General, by maintaining systems of financial management and internal control. The systems are continually enhanced and modified to provide timely and accurate information, to safeguard and control the Government's assets, and to ensure all transactions are in accordance with the *Financial Administration Act*.

The Public Accounts are referred to the Standing Committee on Accountability and Oversight after they have been tabled in the Legislative Assembly. The recommendations of this committee are reviewed and acted on to improve the financial systems and controls.

The Auditor General of Canada performs an annual audit on the consolidated financial statements in order to express an opinion as to whether the consolidated financial statements present fairly the financial position of the Government, results of its operations and its cash flows for the year. During the course of the audit, he also examines transactions that have come to his notice, to ensure they are, in all significant respects, within the statutory powers of the Government and those organizations included in the consolidation. The Auditor General's opinion is included with the consolidated financial statements.

After completion of the audit, the Auditor General includes additional information, comments and recommendations in his annual report to the Legislative Assembly of the Northwest Territories.

Lew Voytilla, F.C.G.A.
Comptroller General
Government of the Northwest Territories

May 29, 2000

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AUDITOR'S REPORT

To the Legislative Assembly of the Northwest Territories

I have audited the consolidated statement of financial position of the Government of the Northwest Territories as at March 31, 1999 and the consolidated statements of operations and surplus and cash flows for the year then ended. These financial statements are the responsibility of the Government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Government, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Government as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with the stated accounting policies of the Government set out in note 2 to the consolidated financial statements. As required by the *Northwest Territories Act*, I report that, in my opinion, these stated accounting policies have been applied on a basis consistent with that of the preceding year.

As disclosed in note 20, the Government exceeded its appropriations in three instances during the year ended March 31, 1999. Under the *Financial Administration Act (FAA)*, departments are not allowed to overspend their appropriations. Three departments overspent their operations and maintenance appropriations by \$3,095,000, \$949,000 and \$99,000 respectively. Additionally, the Government made payments totalling \$10,111,000 to settle individual pay equity liabilities without any appropriation. As at March 31, 1998 a \$25 million provision for pay equity settlement was recorded as an expenditure. However, because the accrual of this amount exceeded an appropriation, an interim appropriation was created for the year ended March 31, 1998. The *FAA* required the Minister of Finance to submit the interim appropriation as a bill not later than 15 days after the March 31, 1998 Public Accounts were tabled. Since the Minister did not submit this as a bill, in our view, the interim appropriation expired. Consequently, pay equity payments of \$10,111,000 made in March 1999 contravened section 31(1) of the *FAA*, which states that "no person shall make a disbursement from the Consolidated Revenue Fund unless it is in respect of an expenditure incurred pursuant to an appropriation".

Further, in my opinion, proper books of account have been kept by the Government, the consolidated financial statements are in agreement therewith and, except for the overexpenditures as described in the previous paragraph, the transactions of the Government and of those organizations included in the consolidation, as disclosed in note 1, that have come to my notice during my audit of these consolidated financial statements have, in all significant respects, been in accordance with the *Northwest Territories Act*, the *Northwest Territories Financial Administration Act* and regulations and the specific operating authorities disclosed in note 1.

Additional information and comments on the consolidated financial statements and this opinion will be included in my annual report to the Legislative Assembly of the Northwest Territories.

L. Denis Desautels, FCA
Auditor General of Canada

Ottawa, Canada
May 29, 2000

Government of the Northwest Territories

Consolidated Statement of Financial Position

as at March 31, 1999 (thousands of dollars)	1999	1998
Assets		
Current		
Cash and short-term investments (note 3)	\$ 121,906	\$ 47,809
Due from Canada (note 4)	55,935	163,274
Accounts receivable (note 5)	55,229	60,616
Inventories (note 6)	38,971	41,668
Prepaid expenses	5,785	5,165
Current portion of loans receivable	6,673	11,678
	284,499	330,210
Designated cash and investments (note 7)	21,586	19,229
Loans receivable (note 8)	53,570	58,642
Investment in government business enterprise (note 9)	106,118	101,226
Capital assets, at nominal value of one dollar	-	-
	\$ 465,773	\$ 509,307

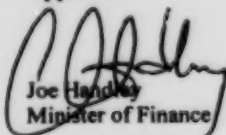
The accompanying notes and schedules are an integral part of the consolidated financial statements.

Government of the Northwest Territories

Consolidated Statement of Financial Position (Continued)

as at March 31, 1999 (thousands of dollars)	1999	1998
Liabilities		
Current		
Bank overdraft (note 10a)	\$ 35,376	\$ 29,441
Short-term loans (note 10b)	50,964	49,301
Accounts payable and accrued liabilities (note 11)	142,588	136,858
Current portion of long-term liabilities	6,011	12,316
	234,939	227,916
Pension liabilities (note 12a)	15,830	15,497
Employee termination benefits (note 13)	18,467	18,958
Long-term debt (note 14)	87,449	87,020
Provision for pay equity settlement (note 17a)	22,889	25,000
	379,574	374,391
Commitments and contingencies (notes 16 and 17)		
Accumulated surplus	86,199	134,916
	\$ 465,773	\$ 509,307

Approved:


Joe Handley
Minister of Finance


Lew Voytilla
Comptroller General

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Government of the Northwest Territories

Consolidated Statement of Operations and Surplus

for the year ended March 31, 1999
(thousands of dollars)

	Budget (note 1b)	1999	1998
Revenues (Schedule A)			
From Canada	\$ 983,727	\$ 1,074,949	\$ 1,129,859
Generated revenues	260,802	245,776	285,088
	1,244,529	1,320,725	1,414,947
Recoveries of prior years' expenditures	5,000	5,050	8,113
	1,249,529	1,325,775	1,423,060
Expenditures (Schedule B)			
Operations and maintenance	1,149,082	1,238,347	1,149,467
Capital	113,426	139,640	163,406
	1,262,508	1,377,987	1,312,873
Net revenue (expenditure) before under-noted	(12,979)	(52,212)	110,187
Net revenue from investment in government business enterprise (note 9)	11,000	11,495	10,510
Projects for Canada and others			
Expenditures	(36,714)	(70,911)	(49,456)
Recoveries	36,714	70,911	49,456
Provision for pay equity settlement (note 17a)	-	(8,000)	(25,000)
Net revenue (expenditure) for the year	\$ (1,979)	\$ (48,717)	\$ 95,697
Accumulated surplus at beginning of the year		\$ 134,916	\$ 39,219
Accumulated surplus at end of the year		\$ 86,199	\$ 134,916

The accompanying notes and schedules are an integral part of the consolidated financial statements.

Government of the Northwest Territories

Consolidated Statement of Cash Flows

for the year ended March 31, 1999
(thousands of dollars)

	1999	1998
Cash provided by (used in)		
Operating activities		
Net revenue (expenditure) for the year	\$ (48,717)	\$ 95,697
Items not affecting cash:		
Provision for bad debts and forgivable loans	14,713	13,632
Provision for pay equity settlement	8,000	25,000
Net revenue from investment in government business enterprise	(11,495)	(10,510)
Mortgage receivable write-down	(2,343)	2,563
	(39,842)	126,382
Changes in non-cash assets and liabilities		
Due from Canada	107,339	(153,229)
Other current assets	5,320	(3,613)
Other current liabilities	4,033	6,482
Employee leave and termination benefits	45	(4,899)
Pension liabilities	333	248
Payments for pay equity settlements	(10,111)	-
Net cash provided by (used in) operating activities	67,117	(28,629)
Investing activities		
Dividend from government business enterprise	6,603	6,261
Increase in designated cash and investments	(2,357)	(704)
Loans receivable		
Advances	(20,122)	(34,694)
Repayments	19,973	36,170
Net cash provided by investing activities	4,097	7,033
Financing activities		
Repayment of long-term debt	(4,715)	(6,678)
Increase (decrease) in cash and cash equivalents	66,499	(28,274)
Cash and cash equivalents at beginning of the year	(30,933)	(2,659)
Cash and cash equivalents at end of the year*	\$ 35,566	\$ (30,933)

* Cash and cash equivalents include cash and short-term investments less bank overdraft and short-term loans.

The accompanying notes and schedules are an integral part of the consolidated financial statements.

1. AUTHORITY AND OPERATIONS

(a) Authority and reporting entity

The Government of the Northwest Territories (the Government) operates under the authority of the Northwest Territories Act (Canada). The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments unless specifically authorized by statute.

The consolidated financial statements have been prepared in accordance with the Northwest Territories Act (Canada) and the Financial Administration Act of the Northwest Territories.

The following chart lists the organizations comprising the consolidated Government reporting entity, how they are accounted for in the consolidated financial statements and their specific operating authority.

Fully Consolidated:

Aurora College	Public Colleges Act
Nunavut Arctic College	Public Colleges Act
Northwest Territories Housing Corporation	Northwest Territories Housing Corporation Act
Northwest Territories Development Corporation	Northwest Territories Development Corporation Act
Northwest Territories Business Credit Corporation	Northwest Territories Business Credit Corporation Act

Modified Equity:

Northwest Territories Power Corporation	Northwest Territories Power Corporation Act
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These organizations have a March 31 fiscal year end except for the colleges which have a fiscal year end of June 30. Revolving funds are incorporated directly into the Government's accounts while trusts administered by the Government on behalf of other parties (note 15) are excluded from the consolidated Government reporting entity.

(b) Budget

The budget figures are the Government's Main Estimates, tabled before the Legislative Assembly, and the approved budgets for the consolidated entities, adjusted to eliminate budgeted inter-entity revenues and expenditures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The consolidated financial statements include the accounts of the Government and organizations accountable to, and owned or controlled by the Government. The entities that exist to deliver the executive functions of the Government are fully consolidated in these financial statements. The one entity deemed to be a government business enterprise is accounted for using the modified equity method. Under this method the Government only reports its investment in the entity and the net revenue of the entity. In addition any amounts receivable or payable from that entity are reported.

March 31, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The following related Government boards and agencies are reflected in these statements only to the extent of the Government's contributions to them:

Divisional Education Councils
District Education Authorities
Hospitals and Regional Health Boards
Local Housing Associations and Authorities
Legislative Assembly Retiring Allowances Fund
Territorial Court Judges' Registered Pension Plan

(b) Measurement uncertainty

The preparation of financial statements in accordance with stated accounting policies requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenditures reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to provision for pay equity settlements, employee termination benefits, contingencies, revenue accruals and Students Loan Fund allowances for both forgivable and bad loans. Other estimates such as Canada Health and Social Transfer payments, Corporate and Personal Income Tax revenue are based on estimates made by the Federal Department of Finance and are subject to adjustments in future years. Another significant estimate is the Grant from Canada, which incorporates estimates supplied by Statistics Canada and the Federal Department of Finance. Many of the statistical estimates are not finalized until three to seven years later.

(c) Short-term investments/designated cash and investments

Investments are valued at the lower of cost or market value. Interest income is recorded on the accrual basis, dividend income is recognized as it is received and capital gains and losses are recognized as incurred.

Investments in securities denominated in foreign currencies are translated into Canadian dollars at the prevailing exchange rate at year end. Foreign currency transactions during the year are translated into Canadian dollars at the prevailing rate at the transaction date.

(d) Inventories

Inventories for resale consist of bulk fuel, liquor products, lumber, arts, crafts and granular products. Bulk fuels and granular products are valued at the lower of weighted average cost and net realizable value. Liquor products are valued at replacement value. Other inventories are valued at the lower of cost determined, on a first in, first out basis, and net realizable value.

(e) Loans receivable

Loans receivable and advances are stated at the lower of cost and net recoverable value.

Valuation allowances, which are recorded to reduce loans receivable, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized when earned. Interest revenue is not accrued when the collectibility of either principal or interest is not reasonably assured.

(f) Capital assets and leases

Capital assets are charged to expenditures at the time of acquisition or construction and reported on the consolidated statement of financial position at a nominal value of one dollar. Lease payments under capital and operating leases are charged to operations and maintenance expenditures. No assets or long-term liabilities are recognized for capital leases.

March 31, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Employee leave, termination and pension benefits

Under the terms and conditions of employment, Government employees may qualify and earn benefits for annual leave, retirement, severance and removal costs upon termination of employment. The estimated liability for these benefits is recorded as the benefits are earned by employees. Severance liabilities are also recorded when employees are identified for lay-off.

Pension benefits to Members of the Legislative Assembly and judges are reported on an actuarial basis. This is done to determine the current value of future entitlements and uses various estimates. When actual experience varies from estimates, the adjustments needed are amortized over the estimated average remaining service lives of the contributors.

(h) Commitments and contingencies

The nature of the Government's activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditures. Contractual commitments pertain to block funding agreements with municipalities, operating, commercial and residential leases, capital projects, and operational funding commitments.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is considered likely to occur or fail to occur and is quantifiable, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed. Contingent liabilities result from potential environmental contingencies, pending or threatened litigation and like items.

(i) Grant from Canada

The grant is subject to the terms of the Formula Financing Agreement with Canada. The grant entitlement is dependent on a number of variables, including population growth, the growth of provincial-local government spending, tax revenues and other federal transfers.

The initial payments of the grant are based on estimates of these variables, supplied by Statistics Canada, the Federal Department of Finance and the Government. Adjustments are made as final data becomes available which can take between three to seven years. These adjustments can be significant. Population figures are initially based on Statistics Canada's post-censal estimates, which are adjusted to census data every five years. All adjustments relating to both the current year and prior years occurring in the current year are recorded when known.

(j) Projects for Canada and others

The Government undertakes projects for Canada and others for which it receives accountable advances. Revenues are recognized as expenditures are incurred. Unexpended balances are recorded as current liabilities, and recoveries are accrued for expenditures in excess of advances.

(k) Taxes

Taxes, under the Income Tax Act, are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on Revenue Canada's estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final. Income tax revenue is recognized on an accrual basis.

Fuel, tobacco and payroll taxes are levied under the authority of the Petroleum Products Tax Act, the Tobacco Tax Act and the Payroll Tax Act respectively. Payroll taxes are received on a regular basis, based on employer's self-assessments. Revenues are recognized on an accrual basis based on the statements received from collectors or employers. Adjustments from reassessments are recorded in revenue in the year they are identified. Property tax and school levies are assessed on a calendar year basis and are recognized on an accrual basis in the fiscal year in which the calendar year ends.

March 31, 1999

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(l) Other revenues**

Licenses, fees and permits are recorded on a cash basis. All other revenues are recorded on an accrual basis.

(m) Operations, maintenance and capital expenditures

Operations, maintenance and capital expenditures are recorded on an accrual basis. Government grants and contributions are recorded as expenditures when paid or when the recipient has fulfilled the terms of a contractual agreement.

(n) Recoveries of prior years' expenditures

Recoveries of prior years' expenditures and reversal of prior years' accruals are reported separately from other revenues on the consolidated statement of operations. Pursuant to the Financial Administration Act, these recoveries cannot be used to increase the amount appropriated for current year expenditures.

3. CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments represent a diversified portfolio of high grade, short-term income producing assets. The portfolio yield for the year ended March 31, 1999 varied from 2.50% to 5.50% (1998 - 2% to 4.6%). The eligible classes of securities, categories of issuers, limits and terms are approved under the Government's investment guidelines. All instruments depending on the investment class, are rated R-2 High or better from the Dominion Bond Rating Service or A-3 or better from the Canadian Bond Rating Service. Investments are diversified by limiting them to maximum of 5% to 50% of the total portfolio. There is no significant concentration in any one investment. The average term to maturity is 38 days.

4. DUE FROM CANADA

	1999	1998
	(thousands of dollars)	
Grant receivable		
Grant per financing agreement - Schedule A	\$ 911,578	\$ 969,064
Less: Payments received	996,311	848,000
	(84,733)	121,064
Balance receivable (payable) at beginning of the year	116,417	(4,647)
	31,684	116,417
Indian and Inuit hospital and medical care	8,388	16,438
Canada Mortgage and Housing Corporation	1,328	5,338
Cost sharing agreements and projects on behalf of Canada	11,893	7,053
Other	26,832	19,407
	80,125	164,653
Less:		
Other payables	11,000	-
Excess Income Tax and Established Programs Financing advanced	12,336	15
Unapplied balance of advances under agreements	854	1,364
	24,190	1,379
	\$ 55,935	\$ 163,274

Government of the Northwest Territories**Notes to Consolidated Financial Statements**

March 31, 1999

4. DUE FROM CANADA (continued)

The amounts due from Canada are non-interest bearing. The carrying amounts approximate fair market value because of the short term to maturity.

5. ACCOUNTS RECEIVABLE

	1999	1998
	(thousands of dollars)	
Related parties		
Hospitals and Regional Health Boards	\$ 1,814	\$ 7,914
Northwest Territories Power Corporation	8,533	8,465
Divisional Education Councils	3,148	2,994
Local Housing Associations and Authorities	1,201	2,083
District Education Authorities	24	134
Workers' Compensation Board	13	14
	14,733	21,604
Other accounts receivable	43,837	40,508
Accrued interest	1,006	1,149
	44,843	41,657
Less: Allowance for doubtful accounts	4,347	2,645
	40,496	39,012
	\$ 55,229	\$ 60,616

During the year, accounts receivable of \$317,745 (1998 - \$192,000) were written off with proper authority and \$23,000 (1998 - \$22,000) were forgiven with proper authority.

6. INVENTORIES

	1999	1998
	(thousands of dollars)	
Bulk fuels	\$ 27,788	\$ 28,785
Granular products	4,555	6,164
Lumber, arts and crafts	3,549	3,698
Liquor products	2,916	2,868
Others	163	153
	\$ 38,971	\$ 41,668

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 1999

7. DESIGNATED CASH AND INVESTMENTS

	1999	1998
	(thousands of dollars)	
Investment portfolio		
Marketable securities (market value: \$20,058,000, 1998-\$20,178,000)	\$ 16,626	\$ 16,402
Cash and other assets (market value equals cost)	382	26
Treasury bills (market value equals cost)	-	348
	17,008	16,776
Students Loan Fund		
Authorized limit	22,000	21,000
Less: Loans receivable	20,699	19,848
Cash available for new loans	1,301	1,152
Northwest Territories Development Corporation		
Preferred share investment	4,118	2,744
Capital Reserve Fund	510	90
Venture Reserve Fund	475	222
Sinking Fund Investment	54	-
	5,157	3,056
Less: Allowance for loss	1,880	1,755
	3,277	1,301
	\$ 21,586	\$ 19,229

The cash and marketable securities held in the investment portfolio while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplementary Retiring Allowance and cannot be used to discharge obligations incurred by the Government. The assets in the investment portfolio are managed by Canada Trust. Supplementary Retiring Allowance Regulations restrict the investments that Canada Trust can make to those investments listed in the Pension Benefits Standards Act.

The proportionate asset mix in the investment portfolio as at March 31 is as follows :

	1999	1998
	%	%
Provincial Bonds	33.34	35.74
Federal Bonds	23.01	21.36
Canadian Stocks	27.31	18.31
Corporate Bonds	12.11	15.63
Foreign Stocks	1.03	7.20
Cash and Other Assets	3.20	1.76
	<u>100.00</u>	<u>100.00</u>

The average market yields on the federal, provincial, and corporate bonds were 3.18%, 1.77% and 6.0% (1998 - 5.31%, 5.61% and 5.83%), respectively, with maturity dates ranging from May 1999 to June 2020 (1998 to June 2020). The gain on investments sold was \$795,000 (1998- \$1,974,000).

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 1999

8. LOANS RECEIVABLE

	1999 (thousands of dollars)	1998
Northwest Territories Business Credit Corporation loans receivable, repayable over a maximum of 25 years, bearing fixed interest between 6.75% and 14.25%, net of allowance for doubtful accounts of \$5,082,000 (1998 - \$5,080,000)	\$ 29,142	\$ 25,919
Northwest Territories Housing Corporation mortgage and interim financing loans repayable over a maximum of 25 years, bearing fixed interest between 0% and 14.25%, net of allowance for doubtful accounts of \$29,915,000 (1998 - \$19,978,000)	12,542	18,927
Students Loan Fund loans due in installments to 2004, bearing fixed interest between 3.75% and 12.5%, net of allowance for doubtful accounts and forgivable loans of \$11,617,000 (1998 - \$10,981,000)	9,082	8,867
Loans to municipalities due in installments to 2026, bearing fixed interest between 0.00% and 11.27%, net of valuation allowances of \$779,000 (1998 - \$876,000)	8,945	10,503
Promissory note due from the Northwest Territories Power Corporation, repaid June, 1998.	-	5,350
Others	532	754
	60,243	70,320
Less: Current portion	6,673	11,678
	\$ 53,570	\$ 58,642

During the year, the following amounts were written off and forgiven with proper authority:

	1999 (thousands of dollars)	1998
Northwest Territories Business Credit Corporation loans		
Forgiven	\$ 124	\$ 40
Write-offs	349	326
Students Loan Fund loans		
Forgivable loan remissions, including interest	1,614	1,248
Write-offs	98	74
	\$ 2,185	\$ 1,688

Government of the Northwest Territories**Notes to Consolidated Financial Statements**

March 31, 1999

9. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISE

A government business enterprise is accountable to the government, sells goods and services to the public, can contract in its own name, and can maintain itself without government support. Summary financial information of the Northwest Territories Power Corporation is presented below.

	1999	1998
	(thousands of dollars)	
Balance Sheet		
Assets	\$ 279,855	\$ 267,329
Liabilities	\$ 173,737	\$ 166,103
Share Capital	43,129	43,129
Surplus	62,989	58,097
Shareholders' Equity	106,118	101,226
	\$ 279,855	\$ 267,329
Statement of Operations and Surplus		
Revenues	\$ 101,404	\$ 103,719
Expenditures	(89,909)	(93,209)
Net revenue	11,495	10,510
Surplus at beginning of the year	58,097	53,848
Dividend	(6,603)	(6,261)
Surplus at end of the year	\$ 62,989	\$ 58,097
Related Party Transactions		
	1999	1998
	(thousands of dollars)	
Revenues from:		
Government of the Northwest Territories - Consolidated	\$ 23,669	\$ 23,463
Expenditures to:		
Government of the Northwest Territories - Consolidated	\$ 12,314	\$ 13,855

Government of the Northwest Territories**Notes to Consolidated Financial Statements**

March 31, 1999

10. BANK OVERDRAFT AND SHORT-TERM LOANS**(a) Bank overdraft**

The bank overdraft is a line of credit provided to the Government by the Chartered Banks. There are no fixed repayment terms and the overdraft limits are negotiated over the year based on the forecasted cash flows and borrowing requirements of the Government. The overdraft interest rate is at prime and collateral is the Consolidated Revenue Fund of the Government. Interest is charged on the net balance of the Government and its pool participants.

(b) Short-term loans

Short-term loans of \$50,964,000 (1998: \$49,301,000) bear interest at varying rates between 5.0 % to 5.88%. The short-term loans were repaid as of April 1, 1999. The borrowing limit under the Borrowing Authorization Act was \$175,000,000 as of March 31, 1999.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1999	1998
	(thousands of dollars)	
Related parties		
Hospitals and Regional Health Boards	\$ 15,549	\$ 14,258
Northwest Territories Power Corporation	2,986	2,041
Divisional Education Councils	4,358	1,366
Workers' Compensation Board	596	993
District Education Authorities	2,152	322
Local Housing Associations and Authorities	2,568	1,525
	28,209	20,505
Other		
Accounts payable	73,559	90,876
Other liabilities, payroll liabilities and contractors' holdbacks	27,193	13,084
Employee leave benefits	10,659	8,962
Accrued interest	1,543	1,567
Deferred revenue	1,425	1,864
	\$ 142,588	\$ 136,858

12. PENSIONS**(a) Pension liabilities**

	1999	1998
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance	\$ 15,083	\$ 14,879
Judges' Supplemental Pension Plan	747	618
	\$ 15,830	\$ 15,497

The Government also maintains the Legislative Assembly Retiring Allowances Fund and the Territorial Court Judges' Registered Pension Plan. The two pension plans are fully funded, consequently the Government has no liabilities as at March 31, 1999 (1998 - nil). The funds related to the plans are administered by independent trust companies.

March 31, 1999

12. PENSIONS (continued)**(a) Pension Liabilities**

The Legislative Assembly Retiring Allowances Fund is a contributory defined benefit pension plan. The other three plans are non-contributory defined benefit pension plans. Benefits provided under the plans are based on service and/or earnings. The Government is liable for all benefits.

Actuarial valuations were completed for the Legislative Assembly and Judges' plans as of March 31, 1997 and January 1, 1998 respectively, using the projected benefit method prorated on service. The valuation is based on a number of actuarial assumptions about matters such as mortality, service, withdrawal, earnings and interest rates. The assumptions are based on the Government's best estimates of expected long-term rates and short-term forecasts. All actuarial valuations were extrapolated to March 31, 1999 if they were not valued at the balance sheet date.

(b) Pension Expense

	1999	1998
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance and Judges' Supplemental Pension Plan:		
Benefit cost accruals		
Current service	\$ 97	\$ 386
Interest on accrued benefits	1,125	1,057
Amortization of estimation adjustment	(363)	(381)
	859	1,062
Legislative Assembly Retiring Allowances Fund	110	125
	\$ 969	\$ 1,187

(c) Public Service Superannuation Plan

The Government and its employees make contributions to the Public Service Superannuation Plan administered by Canada. These employer contributions of \$9,662,000 (1998 - \$10,066,000), represent the total obligation of the Government for this pension plan. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

Government of the Northwest Territories

Notes to Consolidated Financial Statements

March 31, 1999

13. EMPLOYEE TERMINATION BENEFITS

	1999 (thousands of dollars)	1998 (thousands of dollars)
Termination	\$ 13,366	\$ 13,226
Removal	7,342	9,389
Retirement	2,194	1,939
	22,902	24,554
Less: Current portion	4,435	5,596
	\$ 18,467	\$ 18,958

14. LONG-TERM DEBT

	1999 (thousands of dollars)	1998 (thousands of dollars)
Northwest Territories Housing Corporation loans due to Canada Mortgage and Housing Corporation, repayable in annual installments to the year 2033, bearing interest at a rate of 6.97% (1998 : 6.97%)	87,019	88,390
Aurora Fund loan repayable in monthly installments of \$36,450 to 2004, bearing interest at 7%	1,620	-
Komatsu International Credit term loans repayable in monthly installments of \$10,558 to July 2002, bearing interest at 5.65%	386	-
Sinking fund notes, issued to finance the purchase of the Northwest Territories Power Corporation, repaid June 1998	-	5,350
	89,025	93,740
Less: Current portion	1,576	6,720
	\$ 87,449	\$ 87,020

Principal and interest amounts due in each fiscal year for the next five years:

	Principal	Interest (thousands of dollars)	Total
2000	\$ 1,576	\$ 6,171	\$ 7,747
2001	1,686	6,066	7,752
2002	804	5,955	6,759
2003	1,844	5,836	7,680
2004	3,550	5,708	9,258

Government of the Northwest Territories**Notes to Consolidated Financial Statements**

March 31, 1999

15. TRUST ASSETS AND LIABILITIES

The Government administers trust accounts on behalf of third parties, which are not included in the reported Government assets and liabilities. These consist of cash, term deposits, investments, real estate, and other sundry assets.

	1999	1998
	(thousands of dollars)	
Workers' Compensation Board (Northwest Territories)	\$ 241,937	\$ 220,175
Public Trustee	4,609	4,743
Natural Resources - Capital	332	331
Supreme Court	325	26
Other	258	139
Correctional institutions	134	133
Territorial Court	196	93
Inuvik utilidor	-	900
	\$ 247,791	\$ 226,540

The Workers' Compensation Board (Northwest Territories) has a fiscal year end of December 31. Its most recent financial statements are reproduced in Section III of the Public Accounts of the Government.

16. COMMITMENTS

The Government has entered into agreements for, or is contractually committed to, the following expenditures payable subsequent to March 31, 1999:

	Expiry Date	Total
		(thousands of dollars)
Canada Mortgage and Housing Corporation	2038	\$ 236,449
Commercial and residential leases	2018	202,759
Capital commitments - projects in progress at March 31, 1999	2002	70,146
RCMP Policing Agreement	2001	36,158
Block Funding Agreements with tax based municipalities	2001	10,991
Operational commitments	2000	54,525
Equipment leases	2004	2,061
Western Harvesters' Assistance Program	2001	1,298
		\$ 614,387

In accordance with a Declaration of Trust Agreement, the Canada Mortgage and Housing Corporation (CMHC) transferred its ownership interest in territorial rental and loan portfolios to the Northwest Territories Housing Corporation (the Corporation), as Trustee. The Corporation assumed full responsibility and liability for the social housing programs related to the portfolios and receives annual funding from CMHC to manage these programs. The Agreement and funding expire in 2038.

A portion of this funding is used to make payments on portfolio-related CMHC mortgages of \$236,449,000 (1998 - \$241,701,000) maturing between 2003 and 2038, at interest rates ranging from 4.5% to 21.5%. As the related mortgages mature, the Corporation obtains clear title to CMHC's share of the book value of the respective assets. Until clear title is obtained, CMHC is entitled to its respective share of any gains on the disposal of any portfolio assets.

March 31, 1999

16. COMMITMENTS (continued)

The portfolio assets and mortgages, held in trust, are recorded only as a commitment in these financial statements. Additionally, since CMHC retains the annual mortgage-related funding to make the mortgage payments, neither the funding nor the mortgage payments are recorded by the Government.

The Government has entered into fuel delivery contracts for 45 communities. All contracts expire by 2006. Under these contracts, fixed commission rates are paid. The value of this commitment cannot reasonably be determined.

17. CONTINGENCIES

(a) Equal Pay Complaint

In March 1989 the Public Service Alliance of Canada, on behalf of the Union of Northern Workers, filed an equal pay complaint, against the Government, under the Canada Human Rights Act. The equal pay complaint is currently before a Canadian Human Rights Tribunal. Notwithstanding that the complaint is still outstanding the Government accrued \$25 million last year and \$8 million this year. Of the total \$33 million provision, \$27 million is the Government's best estimate of the amount needed to settle the equal pay complaint and \$6 million, the best estimate for equal pay costs for non-unionized employees.

The Government has paid out \$10 million of the pay equity provision at March 31, 1999 with an additional \$17 million having been paid out by February 29, 2000. The balance will continue to be paid as eligible recipients are located and accept the Government's offer.

The amounts paid are based on legally binding agreements with individual employees and ex-employees. For those employees who have not accepted the Government's offer, the complaint remains outstanding. As such there exists a possibility that equal pay costs could exceed or be lower than the amount accrued. In the event there is an additional or lesser liability, the change will be charged to or recovered from operations in the year when it is determined.

(b) Environmental Restoration Costs

As circumstances and funding have permitted, the Government has been addressing the problem of environmental liabilities. This process has consisted, in a number of departments, of identifying sites of potential liability, if necessary on an ongoing basis, remediating the site. Costs of remediating the sites are charged to operations as incurred.

Sites in, or in close proximity to, communities have been identified where environmental liabilities may exist. Assessments are being done on an ongoing basis and remediation plans are in place for those sites where environmental hazards have been identified. In addition, fuel caches outside communities have been identified and a program of ongoing site inspection, and where necessary drum removal and remediation is in place. There are however, a significant number of existing sites where, due to remoteness or the small number of drums involved (with the potential for only limited local contamination), formal site inspections have yet to be made.

The Government will continue with its program of site inspection, assessment and remediation on an ongoing basis. While estimates of the costs attributable to the Government are not yet available, the Government will continue to work, in a practical manner, towards the determination and recognition of environmental liabilities.

(c) Guarantees

The Government has guaranteed an operating credit line to Sirius Diamonds Ltd. of up to \$5,000,000 (subsequently increased to \$7,000,000). In addition, the Government has guaranteed residential housing loans totalling \$3,200,000.

(d) Canadian Blood Agency / Canadian Blood Services

The Government of the Northwest Territories is a party, along with the Federal Government, the provinces and territories, to agreements with the Canadian Blood Agency and Canadian Blood Services for access to the national blood supply. Our exposure to any liability under these agreements is limited to our percentage of the Canadian population. An estimate of any potential liability cannot be determined.

March 31, 1999

18. RELATED PARTIES

Transactions with related parties and balances at year end, not disclosed elsewhere in the financial statements, are disclosed in this note. During the year the Government made contributions and grants to the following related parties:

	1999	1998
	(thousands of dollars)	
Hospitals and Regional Health Boards	\$ 187,121	\$ 170,214
Divisional Education Councils and District Education Authorities	145,904	146,047
Local Housing Associations and Authorities	84,454	82,059
	<hr/>	<hr/>
	\$ 417,479	\$ 398,320

The Government funds communities, other boards and agencies, offering services to the public, which operate independently of normal Government operations. The Government may be held responsible for any liabilities or deficits on behalf of these communities, other boards and agencies. Estimates of these potential liabilities cannot be determined.

Under agreements with related boards and agencies, the Government provides services at cost or for a service fee where direct costs cannot be determined. The fees charged for indirect costs are not necessarily the cost of providing those services. Services provided included personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal and interpretation services. Direct costs of \$106,706,000 (1998 - \$108,870,000) were incurred and recovered from related parties.

19. SUBSEQUENT EVENT**a) Division of Assets and Liabilities**

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force. On that date, Nunavut and the Government of Nunavut came into being. The Nunavut Act consequently amended the Northwest Territories Act to redefine the Northwest Territories to exclude the geographic Nunavut Territory as of April 1, 1999.

Notwithstanding this significant change in the operations of the Government, these financial statements have been prepared on a going concern basis, including all operations that were transferred to, or taken over by, the Government of Nunavut as of April 1, 1999.

The creation of Nunavut requires the transfer of Government assets and liabilities. On March 29, 1999, an agreement between the Government of the Northwest Territories and the Interim Commissioner of Nunavut, set out an approach for the division of the assets, liabilities and surplus of the Government. The approach as applied to the Government is as follows:

1. Allocate the capital assets on an as is, where is, basis.
2. Apportion the accumulated surplus using the agreed upon ratio of 55.66% to the Government of the Northwest Territories and 44.34% to the Government of Nunavut.
2. Allocate the remaining assets and liabilities on a basis that the two Governments agree to be practical, using a geographic basis where possible.
3. Adjust any difference, between the value of the assets and liabilities allocated and the accumulated surplus apportioned, on a basis that the two Governments agree to be practical.

Applying the approach described above to the March 31, 1999 financial statements of the Governments results in the following allocations, of the assets and liabilities, as approved by representatives of both Governments:

Government of the Northwest Territories

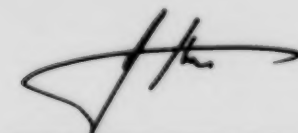
Notes to Consolidated Financial Statements

March 31, 1999

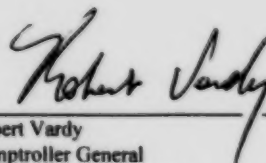
19. SUBSEQUENT EVENT (continued)

Statement of Financial Position

	March 31, 1999		April 1, 1999			
(thousands of dollars)	Northwest Territories		Nunavut			
Assets						
Cash and short-term investments	\$	121,906	\$	107,200	\$	14,706
Due from Canada		55,935		49,147		6,788
Accounts receivable		55,229		36,551		18,678
Inventories		38,971		10,904		28,067
Prepaid expenses		5,785		5,575		210
Designated cash and investments		21,586		21,057		529
Loans receivable		60,243		39,916		20,327
Investment in government business enterprise (note 19d)		106,118		70,653		35,465
Capital assets, at nominal value of one dollar		-		-		-
	\$	465,773	\$	341,003	\$	124,770
Liabilities						
Bank overdraft and short-term loans	\$	86,340	\$	85,828	\$	512
Accounts payable and accrued liabilities		142,588		129,525		13,063
Due to Government of the Northwest Territories/ (Due from the Government of Nunavut)		-		(39,559)		39,559
Pension liabilities		15,830		15,830		-
Employee termination benefits		22,902		19,689		3,213
Long-term debt		89,025		31,145		57,880
Provision for pay equity settlement		22,889		22,889		-
		379,574		265,347		114,227
Accumulated surplus		86,199		75,656		10,543
	\$	465,773	\$	341,003	\$	124,770



Lew Voytilla
Comptroller General
Government of the Northwest Territories



Robert Vardy
Comptroller General
Government of Nunavut

March 31, 1999

19. SUBSEQUENT EVENT (continued)

b) Chargeback of Services

The Government has entered into 63 service agreements with the Government of Nunavut for the provision of various corporate and program delivery services. The projects on behalf of Nunavut are estimated at \$24,523,000 for the fiscal year 1999-2000.

c) Social Housing Agreement

The Northwest Territories Housing Corporation (NWT HC) and the Government of Nunavut (GN) have agreed on an allocation of the of the Canadian Mortgage and Housing Corporation funding provided through the 1997 Social Housing Agreement. Effective April 1, 1999, the allocation of \$91,140,000 will be split between NWT HC and GN on the basis of \$33,172,000 and \$57,968,000 respectively. The allocation was based on a geographical costing approach at the community level.

d) Northwest Territories Power Corporation

The Government of the Northwest Territories and the Government of Nunavut entered into a transition agreement on March 29, 1999 that governs the operation of the Northwest Territories Power Corporation through March 31, 2001. The transition agreement details the process to be followed for the assets and liabilities of the Power Corporation should the ultimate decision be to divide the Power Corporation. It also governs the split of any dividends declared during the period that the transition agreement is in force.

Subsequent to the year end, the Government of Nunavut decided that it would operate its own Power Corporation. As such, the assets and liabilities will have to be divided between the Government of the Northwest Territories and the Government of Nunavut at March 31, 2001. The method by which this will take place is consistent with the provisions contained in the agreement on the division of assets and liabilities between the Government of the Northwest Territories and the Office of the Interim Commissioner. The only exception is that the residual equity of the Northwest Territories Power Corporation (that portion remaining after assets and liabilities are geographically assigned) will be apportioned using the east/west ratio of its revenue requirement as at March 31, 1999, rather than the historical expenditure ratio as calculated by the Northern Representatives Committee. An inter-governmental committee including representatives of the NWT Power Corporation will be formed that will work towards the ultimate division of the Power Corporation at March 31, 2001. Although a final revenue requirement east/west ratio has not been determined, an estimated ratio of 66.58% to the Government of the Northwest Territories and 33.42% to the Government of Nunavut has been used to allocate the investment in government business enterprise as at April 1, 1999.

20. OVER EXPENDITURES

Three departments exceeded the amounts appropriated to them for operations and maintenance activities by \$3,095,000, \$949,000 and \$99,000 respectively. This contravenes the *Financial Administration Act (FAA)* section 32, which states... "No person shall incur an expenditure that causes the amount of the item set out in the Estimates on which the appropriation is based to be exceeded".

As at March 31, 1998 a \$25 million provision for pay equity settlement was recorded as an expenditure pursuant to section 36(1) of the FAA. However, because the accrual of this amount exceeded an appropriation, FAA section 36(2) created an interim appropriation. FAA section 36(4) then required the Minister of Finance to submit the interim appropriation as a bill not later than 15 days after the March 31, 1998 Public Accounts were tabled. This was not done.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statements presentation adopted for the current year.

Consolidated Schedule of Revenues by Source

for the year ended March 31, 1999 (thousands of dollars)	Budget (note 1b)	1999	1998
From Canada			
Grant per financing agreement (note 4)	\$ 826,315	\$ 911,578	\$ 969,064
Transfer payments	157,412	163,371	160,795
	983,727	1,074,949	1,129,859
Generated revenues			
Taxes	164,072	122,715	163,071
General	33,274	39,108	40,007
Sales:			
Liquor Commission (net of cost of goods sold of \$11,404; 1998: \$11,263)	19,331	19,857	19,443
Petroleum Products (net of cost of goods sold of \$58,000; 1998: \$55,566)	15,243	13,168	12,530
Capital recoveries	9,777	16,214	32,214
Other recoveries	19,105	34,714	17,823
	260,802	245,776	285,088
Total	\$ 1,244,529	\$ 1,320,725	\$ 1,414,947

Consolidated Schedule of Expendituresfor the year ended March 31, 1999
(thousands of dollars)Budget
(note 1b)

1999

1998

Operations and maintenance

Grants and contributions	\$ 533,218	\$ 541,406	\$ 532,150
Operations and maintenance	427,918	465,383	405,399
Salaries and wages	187,946	214,657	197,770
Valuation allowances	-	16,901	14,148

1,149,082

1,238,347

1,149,467

Capital

Building and works	84,881	103,103	131,859
Grants and contributions	24,176	29,973	23,731
Equipment	4,369	6,564	7,816

113,426

139,640

163,406

Total

\$ 1,262,508

\$ 1,377,987

\$ 1,312,873

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SECTION II
NON-CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Government of the Northwest Territories

Non-Consolidated Statement of Financial Position (unaudited)

as at March 31, 1999
(thousands of dollars)

1999

1998

Assets

Current

Cash and Short Term Investments (Note 3)	\$ 55,470	\$ -
Due From Canada (Note 4)	54,607	157,936
Accounts Receivable (Note 5)	63,944	61,516
Inventories (Note 6)	35,611	38,094
Prepaid Expenses	5,696	5,247
Current Portion of Loans Receivable	1,673	7,878

	217,001	270,671
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Designated Cash and Investments (Note 7)	18,309	17,928
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Loans Receivable (Note 8)	48,258	45,865
---------------------------	--------	--------

Investment in Northwest Territories Power Corporation, at Nominal Value of One Dollar	-	-
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Capital Assets, at Nominal Value of One Dollar	-	-
--	---	---

	\$ 283,568	\$ 334,464
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The accompanying notes and schedules are an integral part of the non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Financial Position (unaudited) (continued)

as at March 31, 1999 (thousands of dollars)	1999	1998
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Liabilities

Current

Bank Overdraft (Note 3)	\$ -	\$ 12,312
Short-term Loans (Note 9)	50,964	49,301
Accounts Payable and Accrued Liabilities (Note 10)	135,347	125,026
Current Portion of Long-term Liabilities	4,435	10,716

	190,746	197,355
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Pension Liabilities (Note 11a)	15,830	15,497
Employee Termination Benefits (Note 12)	15,910	16,770
Provision for Pay Equity Settlement (Note 16b)	22,889	25,000

	245,375	254,622
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Commitments and Contingencies (Notes 15 and 16)

Accumulated Surplus	38,193	79,842
---------------------	--------	--------

\$ 283,568	\$ 334,464
------------	------------

Accumulated Surplus Represented by:

Petroleum Products Stabilization Fund Deficit (Note 13)	\$ (5,000)	\$ (4,213)
Accumulated Operating Surplus	43,193	84,055
	\$ 38,193	\$ 79,842

The accompanying notes and schedules are an integral part of the non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Operations and Surplus (unaudited)

for the year ended March 31, 1999
(thousands of dollars)

	1999		1998
	Main Estimates (note 1b)	Actual	Actual
Revenues (Schedule A)			
From Canada	\$ 926,121	\$ 1,016,400	\$ 1,066,493
Generated Revenues	231,912	198,337	235,982
	1,158,033	1,214,737	1,302,475
Recoveries of Prior Years' Expenditures	5,000	5,050	8,113
	1,163,033	1,219,787	1,310,588
Expenditures			
Operations and Maintenance (Schedule B)	1,027,809	1,086,588	1,022,331
Capital (Schedule C)	141,808	166,061	157,875
Estimated Supplementary Requirements (Note 1c)	36,000	-	-
Estimated Appropriation Authority Lapse (Note 1c)	(45,000)	-	-
	1,160,617	1,252,649	1,180,206
Net Revenue (Expenditure) Before Undernoted	2,416	(32,862)	130,382
Projects for Canada and Others			
Expenditures	(51,099)	(70,911)	(49,456)
Recoveries	51,099	70,911	49,456
Provision for Pay Equity Settlement (Note 16b)	-	(8,000)	(25,000)
Net Revenue (Expenditure) for the year	\$ <u>2,416</u>	(40,862)	105,382
Accumulated Surplus (Deficit) at Beginning of Year		84,055	(21,327)
Accumulated Surplus at End of Year		\$ 43,193	\$ 84,055

The accompanying notes and schedules are an integral part of the non-consolidated financial statements.

Government of the Northwest Territories

Non-Consolidated Statement of Cash Flows (unaudited)

for the year ended March 31, 1999 (thousands of dollars)	1999	1998
Cash provided (used) by operating activities		
Net revenue (expenditure)	\$ (40,862)	\$ 105,382
Items not affecting cash:		
Provision for pay equity settlement	8,000	25,000
Provision for doubtful receivables, loans, and loan remissions	2,164	977
	(30,698)	131,359
Changes in non-cash assets and liabilities		
Due from Canada	103,329	(135,037)
Other current assets	(394)	(4,442)
Other current liabilities	10,321	6,482
Employee leave and termination benefits	(1,791)	(5,126)
Petroleum Products Stabilization Fund	(787)	(1,184)
Pension liabilities	333	248
Payments for pay equity settlements	(10,111)	-
Net cash provided (used) by operating activities	70,202	(7,700)
Investing activities		
Increase in designated cash and investments	(381)	(704)
Loans receivable		
Advances	(7,058)	(9,396)
Repayments	8,706	28,427
Net cash provided by investing activities	1,267	18,327
Financing activities		
Repayment of long-term debt	(5,350)	(5,350)
Net cash used by financing activities	(5,350)	(5,350)
Increase in cash and cash equivalents	66,119	5,277
Cash and cash equivalents at beginning of year	(61,613)	(66,890)
Cash and cash equivalents at end of year*	\$ 4,506	\$ (61,613)

* Cash and cash equivalents are represented by cash and short-term investments less bank overdraft and short-term loans.

The accompanying notes and schedules are an integral part of the non-consolidated financial statements.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

1. AUTHORITY AND OPERATIONS

- (a) The Government of the Northwest Territories (the Government) operates under the authority of the Northwest Territories Act (Canada). The Government has an elected Legislative Assembly which authorizes all disbursements, advances, loans and investments unless specifically authorized by statute.

On April 1, 1999, subsequent to the fiscal year end The Nunavut Act came into force. As a result, all operations in Nunavut will be taken over by the Government of Nunavut. Notwithstanding this significant change in future operations, these financial statements have been prepared on a going concern basis. It is not practical to determine the potential impact on future operations of the two Governments. Note 19 provides further information about this subsequent event.

- (b) The Main Estimates are those tabled before the Legislative Assembly during the January 1998 session. They represent the Government's original fiscal plan for the year and do not reflect Supplementary Appropriations.
- (c) The estimated supplementary requirements and the estimated appropriation authority lapse are included in the Main Estimates on the statement of operations and surplus. They are included for the purpose of comparing the actual net revenue (expenditure) to the estimated net revenue (expenditure).

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Statements

The Government also prepares consolidated financial statements. They are presented in Section I of the Public Accounts and provide an accounting of the full nature and extent of the financial affairs and resources for which the Government is responsible. The consolidated reporting entity is defined in those statements.

(b) Reporting Entity

These financial statements include the assets, liabilities and operating results of the Government and the following revolving funds:

Fur Marketing Service Revolving Fund
Granular Program Revolving Fund
Northwest Territories Liquor Commission
Petroleum Products Revolving Fund
Public Stores Revolving Fund
Students Loan Fund

Revolving funds are established by the Government to provide the required working capital to deliver goods and services to the general public and to Government departments.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Reporting Entity (continued)

The following related Government boards and agencies are included in these statements only to the extent of the Government's contributions to them:

Aurora College
Nunavut Arctic College
Divisional Educational Councils and District Education Authorities
Hospitals and Health Boards
Legislative Assembly Retiring Allowances Fund
Territorial Court Judges' Registered Pension Plan
Northwest Territories Business Credit Corporation
Northwest Territories Development Corporation
Northwest Territories Housing Corporation

Detailed financial information, on revolving funds and other boards and agencies, is included in Section III of the Public Accounts.

(c) Measurement Uncertainty

The preparation of financial statements in accordance with stated accounting policies requires the Government to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenditures reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Government believes the estimates and assumptions to be reasonable. Some of the more significant management estimates based on past experience relate to employee termination benefits, contingencies, revenue accruals and Students Loan Fund allowances for both forgivable and bad loans. Past experience is not all ways the best indicator of current experience. Other estimates, such as Canada Health and Social Transfer payments, Corporate and Personal Income Tax revenue are based on estimates made by the Federal Department of Finance and are subject to adjustments in future years. Another significant estimate is the Grant from Canada, which incorporates best estimates as supplied by Statistics Canada and the Federal Department of Finance. Many of the statistical estimates are not finalized until three to seven years later.

(d) Short-Term Investments/Designated Cash and Investments

Investments are valued at the lower of cost or market value. Interest income is recorded on the accrual basis and dividend income is recognized when it is received or declared. Investment in securities denominated in foreign currencies are translated into Canadian dollars at the year end exchange rate. Foreign currency transactions during the year are translated into Canadian dollars at the exchange rate at the transaction date.

(e) Inventories

Inventories for resale consist of bulk fuel, liquor products and granular products. Bulk fuels and granular products are valued at the lower of weighted average cost and net realizable value. Liquor products are valued at replacement value. Other inventories are valued at the lower of cost and net realizable value.

(f) Loans Receivable

Loans receivable and advances are stated at the lower of cost and net recoverable value.

Valuation allowances, which are recorded to reduce loans receivable, are based on past events, current conditions and all circumstances known at the date of the preparation of the financial statements. Interest revenue is recognized when earned. Interest revenue is not accrued when the collectibility of either principal or interest is not reasonably assured.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment in the Northwest Territories Power Corporation

The Government is the sole shareholder of the Northwest Territories Power Corporation, a Territorial Crown Corporation providing utility services to the Northwest Territories. The investment has been recorded at a nominal value.

(h) Capital Assets and Leases

Capital assets are charged to expenditures at the time of acquisition or construction and are reported in the statement of financial position at a nominal value of one dollar.

Lease payments under capital and operating leases are charged to operating and maintenance expenditures. No assets or long-term liabilities are recognized for capital leases.

(i) Employee Leave, Termination and Pension Benefits

Under the terms and conditions of employment, government employees may qualify and earn benefits for annual leave, retirement, severance and removal costs upon termination of employment. The estimated liability for these benefits is recorded as the benefits are earned by employees. Severance liabilities are also recorded when employees are identified for lay-off.

Pension benefits to Members of the Legislative Assembly and judges are reported on an actuarial basis. This is done to determine the current value of future entitlements and uses various estimates. When actual experience varies from estimates, the adjustments needed are amortized over the estimated average remaining service lives of the contributors.

(j) Commitments and Contingencies

The nature of the Government's activities requires negotiation of contracts that are significant in relation to its current financial position or that will materially affect the level of future expenditures. Contractual commitments pertain to block funding agreements with municipalities, operating, commercial and residential leases, capital projects, and operational funding commitments.

The contingencies of the Government are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, an estimated liability is accrued. If the likelihood is not determinable or the amount cannot be reasonably estimated, the contingency is disclosed. Contingent liabilities result from potential environment contingencies, pending or threatened litigation and like items.

(k) Grant from Canada

The grant is subject to the terms of the Formula Financing Agreement with Canada. The Grant entitlement is dependent on a number of variables, including population growth, the growth of provincial-local government spending, tax revenues and other federal transfers.

The initial payments of the Grant are based on estimates of these variables, supplied by Statistics Canada, the Federal Department of Finance and the Government. Adjustments are made as final data becomes available which can take between three to seven years. These adjustments can be significant. Population figures are initially based on Statistics Canada's post-censal estimates, which are adjusted to census data every five years. All adjustments relating to both the current year and prior years occurring in the current year are reflected in the current year when known.

(l) Projects for Canada and Others

The Government undertakes projects for Canada and others for which it receives accountable advances. Unexpended balances are recorded as current liabilities, and recoveries are accrued for expenditures in excess of advances.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Taxes

Taxes, under the Income Tax Act, are collected by Canada on behalf of the Government under a tax collection agreement and are remitted to the Government monthly. The remittances are based on Revenue Canada's estimates for the taxation year, which are periodically adjusted until the income tax assessments for that year are final. Income tax revenue is recognized on a cash basis as remittances are received from Canada.

Fuel, tobacco and payroll taxes are levied under the authority of the Petroleum Products Tax Act, the Tobacco Tax Act and the Payroll Tax Act respectively. Payroll taxes are received on a regular basis based on employer's self-assessments. Revenues are recognized on an accrual basis based on the statements received from collectors or employers. Adjustments from reassessments are recorded in revenue in the year they are identified. Property tax and school levies are assessed on a calendar year basis and are recognized on an accrual basis in the fiscal year in which the calendar year ends.

(n) Other Revenues

Licenses, fees and permits are recorded on a cash basis. All other revenues are recorded on an accrual basis.

(o) Operations, Maintenance and Capital Expenditures

Operations, maintenance and capital expenditures are recorded on an accrual basis. Government grants and contributions are recorded on an accrual basis as expenditures when paid or when the recipient has fulfilled the terms of the contractual agreement.

(p) Recoveries of Prior Years' Expenditures

Recoveries of prior years' expenditures and reversals of prior years' expenditure accruals are reported separately from other revenues on the statement of operations and surplus. Pursuant to the Financial Administration Act, these recoveries cannot be used to increase the amount appropriated for current year expenditures.

3. CASH, BANK OVERDRAFT AND SHORT TERM INVESTMENTS

Cash and short-term investments represent a diversified portfolio of high grade, short-term income producing assets. The portfolio yield for the year ended March 31, 1999 varied from 2.5% to 5.5%. The eligible classes of securities, categories of issuers, limits and terms are approved under the Government's investment guidelines. All instruments, depending on the investment class, are rated R-2 High or better from the Dominion Bond Rating Service or A-3 or better from the Canadian Bond Rating Service. Investments are diversified by limiting them to a maximum of 5% to 50% of the total portfolio. There is no significant concentration in any one investment. The average term to maturity is 38 days.

The bank overdraft is a line of credit provided to the Government by the Chartered Banks. There are no fixed repayment terms and the overdraft limits are negotiated over the year based on the forecasted cash flows and borrowing requirements of the Government. The overdraft interest rate is at prime and the collateral is on the Consolidated Revenue Fund of the Government. Interest is charged on the net balance of the Government and its pool participants.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

3. CASH, BANK OVERDRAFT AND SHORT TERM INVESTMENTS (continued)

The bank balance of \$55,470 is comprised of cash balances (overdrafts) the Government has with the following Chartered Banks:

	1999 (thousands of dollars)	1998
Short-term investments	\$ 88,443	\$ -
Canadian Imperial Bank of Commerce	(34,105)	15,942
Bank of Montreal	51	107
Toronto Dominion Bank	5	5
Bank of Nova Scotia	5	5
Clearing Accounts - transactions in transit o/s cheques	(1,241)	(83)
Royal Bank of Canada	2,312	(28,288)
	\$ 55,470	\$ (12,312)

4. DUE FROM CANADA

	1999 (thousands of dollars)	1998
Grant Receivable		
Grant per Financing Agreement - Schedule A	\$ 911,577	\$ 969,064
Less Payments Received	996,311	848,000
	(84,734)	121,064
Balance Receivable (Payable) at Beginning of Year	116,417	(4,647)
	31,683	116,417
Indian and Inuit Hospital and Medical Care	8,388	16,438
Cost Sharing Agreements and Projects on Behalf of Canada	11,893	7,053
Other Receivables	26,833	19,407
	78,797	159,315
Less:		
Unapplied Balance of Advances Under Agreements	854	1,364
Excess Income Tax Advanced	12,336	15
Other Payables	11,000	-
	24,190	1,379
	\$ 54,607	\$ 157,936

The amounts due from Canada are non-interest bearing. The carrying amounts approximate fair market value because of the short term to maturity.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

5. ACCOUNTS RECEIVABLE

	1999	1998
	(thousands of dollars)	
Revolving Fund Receivables		
Petroleum Products	\$ 12,698	\$ 16,343
Fur Auction	1,110	901
Reforestation	699	674
Public Stores	16	19
Granular Program	3	22
Northwest Territories Liquor Commission	4	21
	14,530	17,980
Less: Allowance for Doubtful Accounts	195	147
	14,335	17,833
Receivables from Related Parties		
Northwest Territories Housing Corporation	11,175	3,602
Northwest Territories Power Corporation	6,647	7,129
Divisional Education Councils	3,148	2,994
Hospitals and Regional Health Boards	1,814	7,914
Nunavut Arctic College	1,191	919
Aurora College	750	962
District Education Authorities	24	134
Workers' Compensation Board	13	14
Northwest Territories Development Corporation	2	-
Northwest Territories Liquor Commission	1	58
	24,765	23,726
Other Accounts Receivable	28,266	21,632
Accrued Interest	730	823
	28,996	22,455
Less: Allowance for Doubtful Accounts	4,152	2,498
	24,844	19,957
	\$ 63,944	\$ 61,516

During the year, accounts receivable of \$317,745 (1998 - \$192,000) were written off with proper authority and \$137,188 (1998 - \$21,000) were forgiven with proper authority.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

6. INVENTORIES

	1999 (thousands of dollars)	1998
Bulk Fuels	\$ 27,788	\$ 28,699
Granular Products	4,744	6,374
Liquor Products	2,916	2,868
Public Stores	163	153
	\$ 35,611	\$ 38,094

7. DESIGNATED CASH AND INVESTMENTS

	1999 (thousands of dollars)	1998
Investment Portfolio		
Marketable Securities (market value equals \$20,058,523)	\$ 16,626	\$ 16,402
Cash and Other Assets (market value equals cost)	382	26
Treasury Bills (market value equals cost)	-	348
	17,008	16,776
Students Loan Fund		
Authorized Limit	22,000	21,000
Less: Loans Receivable	20,699	19,848
Cash Available for New Loans	1,301	1,152
	\$ 18,309	\$ 17,928

The cash and marketable securities held in the investment portfolio, while forming part of the Consolidated Revenue Fund, are designated for the purpose of meeting the obligations of the Legislative Assembly Supplementary Retiring Allowance and cannot be used to discharge obligations incurred by the Government. The assets in the investment portfolio are managed by Canada Trust. Supplementary Retiring Allowances Regulations restrict the investments Canada Trust can make to those investments listed in the Pension Benefits Standards Act.

The proportionate asset mix in the investment portfolio as at March 31 is as follows :

	1999 %	1998 %
Provincial Bonds	33.34	35.74
Federal Bonds	23.01	21.36
Canadian Stocks	27.31	18.31
Corporate Bonds	12.11	15.63
Foreign Stocks	1.03	7.20
Cash and Other Assets	3.20	1.76
	100.00	100.00

The average market yields on the federal, provincial, and corporate bonds are 3.18%, 1.77% and 6.0%, respectively, with maturity dates ranging from May 1999 to June 2020. The gain on investments sold was \$794,514 (1998 - \$1,974,000).

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

8. LOANS RECEIVABLE

	1999	1998
	(thousands of dollars)	
Working Capital advances to the Northwest Territories Business Credit Corporation. The term is indeterminate with the option to repay any portion of principal on any interest payment date. Interest is calculated at selected Government of Canada three year bond rates at the end of the month	\$ 31,372	\$ 28,269
Students Loan Fund loans due in installments to 2004, bearing interest between 3.75% and 12.5%, net of allowance for doubtful accounts and loan remissions of \$11,617,000 (1998 - \$10,981,000)	9,082	8,867
Loans to municipalities due in installments to 2026, bearing interest between 0.00% and 11.27%, net of valuation allowances of \$779,522 (1998 - \$876,000)	8,944	10,503
Other	533	754
Promissory note due from the Northwest Territories Power Corporation, repaid June 1998.	-	5,350
	49,931	53,743
Less: Current Portion	1,673	7,878
	\$ 48,258	\$ 45,865

During the year, the following amounts were written off and forgiven with proper authority:

	1999	1998
	(thousands of dollars)	
Students Loan Fund		
Forgivable loan remissions, including interest	\$ 1,614	\$ 1,323
Write-offs	98	74
	\$ 1,712	\$ 1,397

9. SHORT-TERM LOANS

Short-term loans of \$50,964,400 (1998 - \$49,301,000) bear interest at varying rates between 5.00% to 5.88%. The short-term loans were repaid as of April 1, 1999. The borrowing limit under the Borrowing Authorization Act was \$175,000,000 as of March 31, 1999.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	1999	1998
	(thousands of dollars)	
Payables to Related Parties		
Hospitals and Regional Health Boards	\$ 15,549	\$ 14,258
Northwest Territories Housing Corporation	8,356	2,207
Northwest Territories Power Corporation	2,863	1,608
Divisional Education Councils and District Education Authorities	4,358	1,688
Workers' Compensation Board	596	993
Aurora College	1,919	714
Nunavut Arctic College	958	942
Northwest Territories Development Corporation	-	329
	34,599	22,739
Accounts Payable	64,085	82,039
Other Liabilities, Payroll Deductions and Contractors' Holdbacks	26,547	11,721
Employee Leave Benefits	8,702	7,535
Deferred Revenue	1,414	992
	100,748	102,287
	\$ 135,347	\$ 125,026

11. PENSIONS

(a) Pension Liabilities

	1999	1998
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance	\$ 15,083	\$ 14,879
Judges' Supplemental Pension Plan	747	618
	\$ 15,830	\$ 15,497

The Government also maintains the Legislative Assembly Retiring Allowances Fund and the Territorial Court Judges' Registered Pension Plan. The two pension plans are fully funded, consequently the Government has no liabilities as at March 31, 1999 (1998 - nil). The funds related to the plans are administered by independent trust companies.

The Legislative Assembly Retiring Allowances Fund is a contributory defined benefit pension plan. The other plans are non-contributory defined benefit pension plans. Benefits provided under the plans are based on service and/or earnings. The Government is liable for all benefits.

Actuarial valuations were completed for the Legislative Assembly and Judges' plans as of March 31, 1997 and January 1, 1998 respectively, using the projected benefit method prorated on service. The valuation is based on a number of actuarial assumptions about matters such as mortality, service, withdrawal, earnings and interest rates. The assumptions are based on the Government's best estimates of expected long-term rates and short-term forecasts. All actuarial valuations were extrapolated to March 31, 1999, if they were not valued at the balance sheet date.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

11. PENSIONS (continued)

(b) Pension Expense

	1999	1998
	(thousands of dollars)	
Legislative Assembly Supplementary Retiring Allowance and Judges' Supplemental Pension Plan:		
Benefit Cost Accruals		
Current Service	\$ 97	\$ 386
Interest on Accrued Benefits	1,125	1,057
Amortization of Estimation Adjustment	(363)	(381)
	859	1,062
Legislative Assembly Retiring Allowances Fund	110	125
	\$ 969	\$ 1,187

(c) Public Service Superannuation Plan

The Government and its employees make contributions to the Public Service Superannuation Plan administered by Canada. The employer's contribution of \$7,900,000 (1998 - \$8,055,000) represents the total obligation of the Government. The Government is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

12. EMPLOYEE TERMINATION BENEFITS

	1999	1998
	(thousands of dollars)	
Termination	\$ 11,292	\$ 11,695
Removal	6,859	8,502
Retirement	2,194	1,939
	20,345	22,136
Less: Current Portion	4,435	5,366
	\$ 15,910	\$ 16,770

13. PETROLEUM PRODUCTS STABILIZATION FUND

The Petroleum Products Stabilization Fund was created under the authority of the Revolving Funds Act. The purpose of the Fund is to stabilize the prices of petroleum products purchased, sold and distributed by the Government. The net revenues or expenditures of the Petroleum Products Revolving Fund are charged to the Stabilization Fund. The accumulated surplus or deficit balance in the fund cannot exceed \$5,000,000.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

13. PETROLEUM PRODUCTS STABILIZATION FUND (continued)

	1999 (thousands of dollars)	1998 (thousands of dollars)
Deficit at Beginning of the Year	\$ (4,213)	\$ (3,029)
Less: Petroleum Products Revolving Fund - Net Expenditures	(787)	(1,184)
Deficit at End of the Year	\$ (5,000)	\$ (4,213)

14. TRUST ASSETS AND LIABILITIES

The Government administers trust accounts on behalf of third parties, which are not included in the reported Government assets and liabilities. These consist of cash, term deposits, investments, real estate, and other sundry assets.

	1999 (thousands of dollars)	1998 (thousands of dollars)
Workers' Compensation Board (NWT)	\$ 241,937	\$ 220,175
Public Trustee	4,609	4,743
Natural Resources - Capital	332	331
Supreme Court	325	26
Other	258	139
Territorial Court	196	93
Correctional Institutions	134	133
Inuvik Utilidor	-	900
	\$ 247,791	\$ 226,540

The Workers' Compensation Board (NWT) has a fiscal year end of December 31. Its most recent financial statements are produced in Section III of the Public Accounts of the Government.

15. COMMITMENTS

The Government has entered into agreements for, or is contractually committed to, the following expenditures payable subsequent to March 31, 1999:

	Expiry Date	Total (thousands of dollars)
Commercial and Residential Leases	2018	\$ 146,824
Operational Commitments	2002	53,810
Capital Commitments - Projects in Progress at March 31, 1999	2003	56,572
RCMP Policing Agreement	2001	36,158
Block Funding Agreements with Municipalities	2000	18,123
Equipment Leases	2004	2,061
Western Harvesters' Assistance Program	2001	1,298
		\$ 314,846

It is anticipated that in the fiscal year 2000/2001 45% of Public Works and Services contract with Ardicom Digital Communications will be transferred to the Government of Nunavut.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

16. CONTINGENCIES

(a) Contingent Liabilities

The Government is contingently liable for the following:

	(thousands of dollars)
Debentures issued by the Northwest Territories Power Corporation, maturing from 2009 to 2026	\$ 129,399
Loans payable by the Northwest Territories Housing Corporation	87,000
Loans payable by the Northwest Territories Power Corporation	10,000
Guarantee of Operating Line of Credit - Sirius Diamonds Ltd.	7,000
Uninsured losses	2,853

\$ 236,252

(b) Equal Pay Complaint

In March 1989 the Public Service Alliance of Canada, on behalf of the Union of Northern Workers, filed an equal pay complaint, against the Government, under the Canada Human Rights Act. The equal pay complaint is currently before a Canadian Human Rights Tribunal. Notwithstanding that the complaint is still outstanding the Government accrued \$25 million last year and \$8 million this year. Of the total \$33 million provision, \$27 million is the Government's best estimate of the amount needed to settle the equal pay complaint and \$6 million, the best estimate for equal pay costs for non-unionized employees.

The Government has paid out \$10 million of the pay equity provision at March 31, 1999 with an additional \$17 million having been paid out by February 29, 2000. The balance will continue to be paid as eligible recipients are located and accept the Government's offer.

The amounts paid are based on legally binding agreements with individual employees and ex-employees. For those employees who have not accepted the Government's offer, the complaint remains outstanding. As such there exists a possibility that equal pay costs could exceed or be lower than the amount accrued. In the event there is an additional or lesser liability, the change will be charged to or recovered from operations in the year when it is determined.

(c) Environmental Restoration Costs

As circumstances and funding have permitted the GNWT has been addressing the problem of environmental liabilities. This process has consisted, in a number of departments, of identifying sites of potential liability, if necessary, for each site and, on an ongoing basis, remediating the site. Costs of remediating the sites are charged to operations as incurred.

Sites in, or in close proximity to, communities have been identified where environmental liabilities may exist. Assessments are being done on an ongoing basis and remediation plans are in place for those sites where environmental hazards have been identified. In addition, fuel caches outside communities have been identified and a program of ongoing site inspection, and where necessary drum removal and remediation is in place. There are however, a significant number of existing sites where, due to remoteness or the small number of drums involved (with the potential for only limited local contamination), formal site inspections have yet to be made.

The GNWT will continue with its program of site inspection, assessment and remediation on an ongoing basis. While estimates of the costs attributable to the Government are not yet available, the Government will continue to work in a practical manner towards the determination and recognition of environmental liabilities.

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

16. CONTINGENCIES (continued)

(d) Canadian Blood Agency / Canadian Blood Services

The Government of the Northwest Territories is a party, along with the Federal Government, the provinces and territories, to agreements with the Canadian Blood Agency and Canadian Blood Services for access to the national blood supply. Our exposure to any liability under these agreements is limited to our percentage of the Canadian population. An estimate of any potential liability cannot be determined.

17. RELATED PARTIES

Transactions with related parties and balances at year-end, not disclosed elsewhere in the financial statements, are disclosed in this note. During the year the Government made grants and contributions to or funded other costs for the following related parties.

	1999 (thousands of dollars)	1998
Hospitals and Regional Health Boards	\$ 185,493	\$ 170,214
Divisional Education Councils and District Education Authorities	146,012	146,047
Northwest Territories Housing Corporation	107,174	98,385
Aurora College and Nunavut Arctic College	32,745	30,110
Northwest Territories Development Corporation	6,111	9,037
Northwest Territories Business Credit Corporation	889	1,068
	\$ 478,424	\$ 454,861

The Government funds communities, boards and agencies, offering services to the public, which operate independently of normal Government operations. The Government may be responsible for any liabilities or deficits on behalf of these boards and agencies. Estimates of these potential liabilities cannot be determined.

Under agreements with related boards and agencies, the Government provides services at cost or for a service fee where direct costs cannot be determined. The fees charged for indirect costs are not necessarily the cost of providing those services. Services provided included personnel, payroll, financial, procurement, accommodation, buildings and works, utilities, legal and interpretation services. Direct costs of \$106,706,000 (1998 - \$108,870,000) were incurred and recovered from related parties.

Revenue from the Northwest Territories Power Corporation:

	1999 (thousands of dollars)	1998
Dividend related to the Power Subsidy Program	\$ 6,603	\$ 6,261
Interest on the Promissory Note Receivable	136	718
	\$ 6,739	\$ 6,979

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

18. UNCERTAINTY DUE TO YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after 1 January 2000 and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Government's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Government including those related to the efforts of customers, suppliers or other third parties, will be fully resolved.

19. SUBSEQUENT EVENT

a) Division of Assets and Liabilities

The Nunavut Act came into full force on April 1, 1999. On that date, Nunavut and the Government of Nunavut came into being. The Nunavut Act consequently amended the Northwest Territories Act to redefine the Northwest Territories to exclude the geographic Nunavut Territory as of April 1, 1999.

Notwithstanding this significant change in the operations of the Government, these financial statements have been prepared on a going concern basis, including all operations that were transferred to, or taken over by, the Government of Nunavut as of April 1, 1999.

The creation of Nunavut requires the transfer of Government assets and liabilities. On March 29, 1999 an agreement between the government of the Northwest Territories and the Interim Commissioner of Nunavut set out an approach for the division of the assets, liabilities and surplus of the Government. The approach as applied to the Government is as follows:

1. Allocate the capital assets on an as is, where is, basis.
2. Apportion the accumulated surplus using the agreed upon ratio of 55.66% to the Government of the Northwest Territories and 44.34% to the Government of Nunavut.
3. Allocate the remaining assets and liabilities on a basis that the two Governments agree to be practical, using a geographic basis where possible.
4. Adjust any difference, between the value of the assets and liabilities allocated and the accumulated surplus apportioned, on a basis that the two Governments agree to be practical.

Applying the approach described above to the March 31, 1999 financial statements of the Governments results in the following allocations, of the assets and liabilities, as approved by representatives of both Governments:

Government of the Northwest Territories

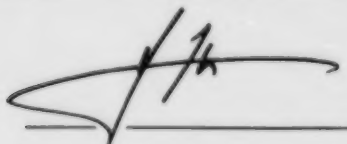
Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

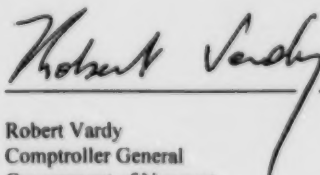
19. SUBSEQUENT EVENT (continued)

Statement of Financial Position (unaudited)

(thousands of dollars)	March 31, 1999		April 1, 1999			
	Northwest Territories		Nunavut			
Assets						
Current						
Cash and Short Term Investments	\$	55,470	\$	55,470	\$	-
Due From Canada		54,607		48,158		6,449
Accounts Receivable		63,944		45,040		18,904
Inventories		35,611		8,767		26,844
Prepaid Expenses		5,696		5,493		203
		215,328		162,928		52,400
Designated Cash and Investments		18,309		18,309		-
Loans Receivable		49,931		38,237		11,694
Investment in Northwest Territories Power Corporation, at nominal value of one dollar		-		-		-
	\$	283,568	\$	219,474	\$	64,094
Liabilities						
Current						
Short-term Loans	\$	50,964	\$	50,964	\$	-
Accounts Payable and Accrued Liabilities		135,347		125,876		9,471
Current Portion of Long-term Liabilities		4,435		3,917		518
Due to Government of the Northwest Territories/ (Due from the Government of Nunavut)		-		(35,313)		35,313
		190,746		145,444		45,302
Pension Liabilities		15,830		15,830		-
Employee Termination Benefits		15,910		14,053		1,857
Provision for Pay Equity Settlement		22,889		22,889		-
		245,375		198,216		47,159
Accumulated Surplus		38,193		21,258		16,935
	\$	283,568	\$	219,474	\$	64,094



Lew Voytilla
Comptroller General
Government of the Northwest Territories



Robert Vardy
Comptroller General
Government of Nunavut

Government of the Northwest Territories

Notes to Non-Consolidated Financial Statements (unaudited)

March 31, 1999

19. SUBSEQUENT EVENT (continued)

b) Chargeback of Services

The Government has entered into 61 service agreements with the Government of Nunavut for the provision of various corporate and program delivery services worth an estimated total value of \$ 24,522,772 for the fiscal year 1999-2000.

c) Northwest Territories Power Corporation

The Government of the Northwest Territories and the Government of Nunavut entered into a transition agreement on March 29, 1999 that governs the operation of the Northwest Territories Power Corporation through March 31, 2001. The transition agreement details the process to be followed for the assets and liabilities of the Northwest Territories Power Corporation should the ultimate decision be to divide the Northwest Territories Power Corporation. It also governs the split of any dividends declared during the period that the transition agreement is in force.

Subsequent to the year end the Government of Nunavut decided that it would operate its own Power Corporation. As such, the assets and liabilities of the Northwest Territories Power Corporation will have to be divided between the Government of the Northwest Territories and the Government of Nunavut at March 31, 2001. The method by which this will take place is consistent with the provisions contained in the Agreement on the Division of Assets and Liabilities between the Government and the Office of the Interim Commissioner. The only exception is that the equity of the Northwest Territories Power Corporation will be apportioned using the east/west ratio of its Revenue Requirement as at March 31, 1999 rather than the Historical Expenditure Ratio as calculated by the Northern Representatives Committee. An inter-governmental committee including representatives of the Northwest Territories Power Corporation will be formed that will work towards the ultimate division of the Northwest Territories Power Corporation at March 31, 2001.

20. OVEREXPENDITURES

Three departments exceeded the amounts appropriated to them for operations and maintenance activities by \$3,095,000, \$949,000 and \$99,000 respectively. This contravenes the *Financial Administration Act (FAA)* section 32, which states... "No person shall incur an expenditure that causes the amount of the item set out in the Estimates on which the appropriation is based to be exceeded".

As at March 31, 1998 a \$25 million provision for pay equity settlement was recorded as an expenditure pursuant to section 36(1) of the FAA. However, because the accrual of this amount exceeded an appropriation, FAA section 36(2) created an interim appropriation. FAA section 36(4) then required the Minister of Finance to submit the interim appropriation as a bill not later than 15 days after the March 31, 1998 Public Accounts were tabled. This was not done.

Schedule of Revenues by Source

for the year ended March 31, 1999

(thousands of dollars)

	1999	1998
	Main Estimates (note 1b)	Actual
From Canada		Actual
Grant per Financing Agreement	\$ 826,315	\$ 848,175
Adjustments for:		\$ 849,509
Income Tax Collections	-	28,851
Escalation	-	31,180
Canadian Health and Social Transfer	-	(10,586)
Operating Revenues	-	13,567
Keep Up Factor	-	390
	826,315	911,577
Established Programs Financing		969,064
Health Insured Services	-	1,042
Post Secondary Education	-	248
	-	1,290
Transfer Payments		642
Canada Health and Social Transfer	37,632	50,699
Health Care - Indian and Inuit	37,306	29,005
Health Related Services	14,700	15,433
Young Offenders Act	3,792	3,660
Legal and Correctional Services	3,404	2,956
Other	1,972	23
Continuing Education	1,000	1,757
	99,806	103,533
Total from Canada	926,121	1,016,400
Generated Revenues		1,066,493
Taxation		
Individual	69,647	51,734
Corporate	40,541	20,023
Fuel	15,677	13,565
Tobacco	16,626	16,099
Payroll tax	12,570	12,102
Property and School	7,276	7,501
Insurance	1,735	1,860
	164,072	122,884
		162,902

Schedule of Revenues by Sourcefor the year ended March 31, 1999
(thousands of dollars)

	1999	1998
	Main Estimates (note 1b)	Actual
General Revenue		Actual
Liquor Commission - Net Revenues	16,178	16,534
Licenses, Fees and Permits	9,942	8,981
Interest Income	5,190	3,204
Arctic Airport - Rentals and Fees	2,851	3,440
Gain on Investment	-	839
	34,161	32,998
Other Recoveries		35,019
Insured and Third Party	5,510	10,587
Power Subsidy	7,433	6,602
Staff Housing	6,000	4,623
Miscellaneous	1,337	7,658
Rentals	2,184	2,178
Utilities	2,050	1,906
Medical	1,885	1,516
Debt Financing	136	136
Sale of Commercial Goods	367	205
	26,902	35,411
Capital		20,161
Sale of Land, Houses and Other Assets	6,600	6,148
Other	155	896
Recoveries from Canada	22	-
	6,777	7,044
Total Generated Revenues	231,912	198,337
Total Revenues by Source	\$ 1,158,033	\$ 1,214,737
		\$ 1,302,475

Schedule of Operations and Maintenance Expenditures

for the year ended March 31, 1999
(thousands of dollars)

	1999					1998	
	Main Estimates (note 1b)	Salaries and Wages	Grants and Contributions	Valuation Allowances	Other	Total Expenditures	Total Expenditures
Legislative Assembly	\$ 12,515	\$ 4,875	\$ -	\$ (1)	\$ 9,784	\$ 14,658	\$ 12,353
Executive	55,551	23,483	10,051	(11)	33,032	66,555	54,524
Finance	8,898	2,923	-	1,464	6,218	10,605	8,658
Municipal and Community Affairs	81,487	11,659	63,438	(26)	8,234	83,305	78,474
Public Works and Services	59,626	20,974	270	64	37,359	58,667	54,022
Health and Social Services	255,259	11,580	188,647	1,183	67,271	268,681	253,082
Justice	73,581	27,036	2,932	-	49,974	79,942	74,633
NWT Housing Corporation	55,240	-	51,816	-	-	51,816	55,168
Education, Culture and Employment	273,048	17,942	198,993	2,349	58,947	278,231	272,726
Transportation	56,162	21,830	98	(11)	36,981	58,898	56,444
Resources, Wildlife and Economic Development	96,442	33,201	31,219	403	50,407	115,230	102,247
	\$ 1,027,809	\$ 175,503	\$ 547,464	\$ 5,414	\$ 358,207	\$ 1,086,588	\$ 1,022,331

Schedule of Capital Expendituresfor the year ended March 31, 1999
(thousands of dollars)

	1999				1998	
	Main Estimates (note 1b)	Buildings and Works	Acquisition of Equipment	Grants and Contributions	Total Expenditures	Total Expenditures
Legislative Assembly	\$ 282	\$ 267	\$ -	\$ -	\$ 267	\$ 631
Executive	-	697	-	-	697	1,331
Finance	-	-	-	-	-	-
Municipal and Community Affairs	24,651	11,154	521	15,510	27,185	22,703
Public Works and Services	1,726	2,416	224	72	2,712	4,186
Health and Social Services	6,108	5,244	436	3,569	9,249	6,963
Justice	1,154	1,156	204	123	1,483	2,555
NWT Housing Corporation	43,542	-	-	55,358	55,358	43,217
Education, Culture and Employment	30,519	33,154	-	5,257	38,411	40,762
Transportation	29,857	23,510	2,332	736	26,578	31,852
Resources, Wildlife and Economic Development	3,969	2,713	1,106	302	4,121	3,675
	\$ 141,808	\$ 80,311	\$ 4,823	\$ 80,927	\$ 166,061	\$ 157,875

Schedule of Revenues

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Legislative Assembly					
Gain on Investments	\$ -	\$ -	\$ -	\$ 839	\$ 839
	-	-	-	839	839
Other Recoveries					
Cafeteria Rental Fee	8	-	8	1	(7)
Government Publications	4	-	4	9	5
Lapel Pin Sales	1	-	1	-	(1)
Sundry	-	-	-	20	20
	13	-	13	30	17
	13	-	13	869	856
Executive					
Financial Management Board Secretariat					
General Revenues					
Nunavut Secondment Administration Fees	-	-	-	50	50
Occupational Health Fees	-	-	-	41	41
Non-Sufficient Funds Handling Fees	6	-	6	5	(1)
	6	-	6	96	90
Other Recoveries					
Power Subsidy	7,433	-	7,433	6,602	(831)
Staff Housing	6,000	-	6,000	4,623	(1,377)
Leases - Staff Housing	200	-	200	237	37
Interest Revenue - Staff Housing	48	-	48	36	(12)
Tenant Damage	10	-	10	56	46
Ration Repayments	39	-	39	-	(39)
NWT Housing Corporation	-	5,000	5,000	5,000	-
P3 Recoveries	-	3,400	3,400	-	(3,400)
Sundry	-	-	-	2	2
	13,730	8,400	22,130	16,556	(5,574)
	13,736	8,400	22,136	16,652	(5,484)
Finance					
Grant from Canada	826,315	-	826,315	911,577	85,262
Taxation Revenue					
Personal Income Tax	69,647	-	69,647	51,734	(17,913)
Corporate Income Tax	40,541	-	40,541	20,023	(20,518)
Fuel Tax	15,677	-	15,677	13,565	(2,112)
Tobacco Tax	16,626	-	16,626	16,099	(527)
Payroll Tax	12,570	-	12,570	12,102	(468)
Property Taxes and School Levies	7,276	-	7,276	7,501	225
Insurance Company Taxes	1,735	-	1,735	1,860	125
	164,072	-	164,072	122,884	(41,188)
General Revenues					
Liquor Profits	16,178	-	16,178	16,534	356
Municipal Interest	2,047	-	2,047	837	(1,210)
Investment Interest	1,420	-	1,420	446	(974)
Insurance Licenses	124	-	124	162	38
Vital Statistics	-	-	-	1	1
	19,769	-	19,769	17,980	(1,789)

Government of the Northwest Territories

Schedule 1
Continued

Schedule of Revenues

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Finance (continued)					
Other Recoveries					
NWT Power Corporation	136	-	136	136	-
Investment Pool Costs	140	-	140	174	34
Sundry	-	-	-	5	5
Insured and Third Party	5,510	-	5,510	10,587	5,077
	5,786	-	5,786	10,902	5,116
	1,015,942	-	1,015,942	1,063,343	47,401
Municipal and Community Affairs					
General Revenues					
Lottery Licenses	265	-	265	132	(133)
Quarry Fees	10	-	10	30	20
Business Licenses	65	-	65	64	(1)
Land Document Fees	20	-	20	12	(8)
Vender/Direct Seller Licenses	3	-	3	8	5
Real Estate Licenses	6	-	6	3	(3)
	369	-	369	249	(120)
Transfer payments					
Emergency Measures	-	154	154	154	-
Other Recoveries					
Land Leases	796	-	796	912	116
MOU with Nunavut Hamlets	61	-	61	3	(58)
Sundry	-	-	-	(3)	(3)
Land Administration	16	-	16	-	(16)
	873	-	873	912	39
	1,242	154	1,396	1,315	(81)
Public Works and Services					
General Revenues					
Electrical Permits	600	-	600	382	(218)
Boiler Registration	300	-	300	281	(19)
Document Fees	30	-	30	31	1
Gas Permits	60	-	60	31	(29)
Elevator Permits	25	-	25	25	-
	1,015	-	1,015	750	(265)
Transfer Payments					
Labour Canada Agreement	188	-	188	98	(90)

* Payments to Collection Agencies

Government of the Northwest Territories

Schedule 1
Continued

Schedule of Revenues

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Public Works and Services (continued)					
Other Recoveries					
Water/Sewer Maintenance Services	2,000	-	2,000	1,856	(144)
Rental to Others	1,100	-	1,100	993	(107)
Sale of Heat Supply	50	-	50	50	-
Parking Stall Rentals	80	-	80	35	(45)
Sale of Publications	-	-	-	1	1
Sale of Furniture	-	-	-	17	17
Sundry	-	-	-	*(2)	(2)
	3,230	-	3,230	2,950	(280)
	4,433	-	4,433	3,798	(635)
Health and Social Services					
General Revenues					
Professional Licenses	70	-	70	112	42
Vital Statistics Fees	55	-	55	51	(4)
	125	-	125	163	38
Established Programs Financing					
Health Insured Services	-	-	-	992	992
Extended Health Care	-	-	-	50	50
	-	-	-	1,042	1,042
Transfer Payments					
Canada Health and Social Transfer	37,632	-	37,632	50,699	13,067
Hospital Care - Indian and Inuit	29,177	-	29,177	20,436	(8,741)
Provision of Non-Insured Services	12,425	-	12,425	12,166	(259)
Medical Care - Indian and Inuit	8,129	-	8,129	8,569	440
Medical Transportation	2,275	-	2,275	3,267	992
Vocational Rehabilitation of Disabled Persons	1,733	-	1,733	** (527)	(2,260)
	91,371	-	91,371	94,610	3,239
Other Recoveries					
Reciprocal Billing - Inpatient Services	1,629	-	1,629	1,249	(380)
Special Allowances	-	-	-	353	353
Reciprocal Billing - Medical Services	256	-	256	278	22
Sundry	-	-	-	*** (11)	(11)
Workers' Compensation Board	100	-	100	-	(100)
	1,985	-	1,985	1,869	(116)
	93,481	-	93,481	97,684	4,203

* Funds incorrectly credited in 1997/1998

** Over-Accrual for a 1997/1998 claim

*** Adjustments to prior year's revenues

Government of the Northwest Territories

Schedule 1
Continued

Schedule of Revenues

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Justice					
General Revenues					
Land Title and Legal Registries	2,060	-	2,060	2,225	165
Court Fines and Fees	694	-	694	604	(90)
Public Trustee Fees	-	-	-	80	80
Firearm Acquisition Certificates	-	34	34	45	11
Public Trustee Management Fees	118	-	118	57	(61)
	2,872	34	2,906	3,011	105
Transfer Payments					
Young Offenders Act	3,792	50	3,842	3,660	(182)
Access to Justice	2,032	-	2,032	2,031	(1)
Exchange of Services Agreement	1,160	-	1,160	687	(473)
Firearm Acquisition Certificates Program	-	80	80	75	(5)
Community Constable Pilot Project	-	195	195	195	-
Air Charters Recoveries	152	-	152	168	16
Community Parole	60	-	60	70	10
	7,196	325	7,521	6,886	(635)
Other Recoveries					
Legal Aid Repayments	65	-	65	54	(11)
NWT Housing Corporation Lawyer	75	-	75	74	(1)
Special Allowances Young Offenders	32	-	32	70	38
Government Publications	30	-	30	24	(6)
Room and Board	12	-	12	15	3
Library Fees	-	-	-	8	8
Sundry	-	-	-	(5)	(5)
	214	-	214	240	26
	10,282	359	10,641	10,137	(504)
Education, Culture and Employment					
General Revenues					
Student Loan Fund Interest	275	-	275	365	90
Teacher Certification Fees	4	-	4	10	6
Library Fees	1	-	1	1	-
	280	-	280	376	96
Established Programs Financing					
Post Secondary Education	-	-	-	248	248
Transfer Payments					
Canada Student Loans Program	1,000	-	1,000	1,757	757

* Allowance for Doubtful Account adjustment

Government of the Northwest Territories

Schedule 1
Continued

Schedule of Revenues

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Education, Culture and Employment (Continued)					
Other Recoveries					
Northwest Territories Literacy Strategy	250	-	250	375	125
Sundry	-	-	-	26	26
Principal Training	-	-	-	21	21
Museum Store	4	-	4	9	5
Miscellaneous	40	-	40	-	(40)
	294	-	294	431	137
	1,574	-	1,574	2,812	1,238
Transportation					
General Revenues					
Motor Vehicle Plates	2,274	-	2,274	2,351	77
Lease/Rental Revenue - Airports	1,704	619	2,323	2,365	42
Landing and Others Fees - Airports	626	-	626	614	(12)
Drivers' Licenses	242	-	242	349	107
Concessions - Airports	516	-	516	448	(68)
Special Transport Permits	113	-	113	113	-
Motor Vehicle Abstracts	123	-	123	117	(6)
Driver Test Fees	91	-	91	126	35
Miscellaneous Revenue - Airports	5	-	5	13	8
Motor Vehicle Souvenir Plates	26	-	26	27	1
Motor Vehicles - Miscellaneous	1	-	1	26	25
Personalized Motor Vehicle Plates	9	-	9	6	(3)
Age of Majority Cards	4	-	4	3	(1)
Motor Vehicle Accident Reports	2	-	2	2	-
Permits and One Trip Licenses	-	-	-	2	2
	5,736	619	6,355	6,562	207
Transfer payments					
Administration Fees	51	-	51	28	(23)
Other Recoveries					
Rankin Inlet Forward Operations	-	400	400	400	-
Sundry	-	-	-	13	13
Highway Maintenance - National Parks	80	-	80	87	7
Miscellaneous Highway Maintenance	-	-	-	9	9
Firearms Acquisition Certificate Photos	4	-	4	6	2
	84	400	484	515	31
	5,871	1,019	6,890	7,105	215

Government of the Northwest Territories

Schedule 1
Continued

Schedule of Revenues

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
Resources, Wildlife and Economic Development					
General Revenues					
Investment Interest	1,400	-	1,400	1,520	120
Timber Permits	1,872	-	1,872	590	(1,282)
Game Licences	750	-	750	934	184
Park and Visitor Sales	75	-	75	84	9
Outfitters and Guide Licenses	20	-	20	27	7
Campground User Fees	20	-	20	20	-
Establishment Licenses	35	-	35	15	(20)
Building Permits	-	-	-	2	2
Technical Brochures	-	-	-	2	2
	4,172	-	4,172	3,194	(978)
Other Recoveries					
MARS Agreement	500	-	500	432	(68)
Remote Sensing	10	-	10	15	5
Sundry	-	-	-	35	35
Yellowknife Crafts	-	-	-	2	2
Aurora Fund Repayment	-	-	-	300	300
	510	-	510	784	274
	4,682	-	4,682	3,978	(704)
Total Operations and Maintenance	\$ 1,151,256	\$ 9,932	\$ 1,161,188	\$ 1,207,693	\$ 46,505

CAPITAL

Executive

Financial Management Board Secretariat

Sale of Staff Housing	\$ 6,000	\$ -	\$ 6,000	\$ 5,000	\$ (1,000)
	6,000	-	6,000	5,000	(1,000)

Municipal and Community Affairs

Sale of Assets	100	-	100	155	55
Water and Sanitation	20	-	20	(11)	(31)
Site Development	-	-	-	2	2
Sport and Recreation	10	60	70	70	-
Fire Protection	5	-	5	-	(5)
	135	60	195	216	21

* Credit note billed in error

Government of the Northwest Territories

Schedule I
Continued

Schedule of Revenues

for the year ended March 31, 1999
(thousands of dollars)

	Main Estimates	FMB Approved Increases(Decreases)	Total Budget	Actual Revenues	Over(Under) Estimates
CAPITAL					
Public Works and Services					
Sale of Assets	500	-	500	874	374
Other Recoveries	-	-	-	22	22
Construction Recoveries	-	-	-	67	67
	500	-	500	963	463
Health and Social Services					
Justice					
Young Offenders Act -Minor Capital	22	-	22	-	(22)
Education, Culture and Employment					
Building and Learning Strategy	120	255	375	416	41
	120	255	375	416	41
Transportation					
Strategic Transportation Improvement	-	-	-	-	-
Deline Runway Extension	-	-	-	-	-
Sale of Assets	-	119	119	119	-
Other Recoveries	-	330	330	330	-
	-	449	449	449	-
Total Capital	\$ 6,777	\$ 764	\$ 7,541	\$ 7,044	\$ (497)
Total Revenues	\$ 1,158,033	\$ 10,696	\$ 1,168,729	\$ 1,214,737	\$ 46,008

Government of the Northwest Territories

Schedule 2

Schedule of Expenditures

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)/Under Appropriation
Legislative Assembly						
Office of the Clerk	\$ 7,472	\$ 2,127	\$ 173	\$ 9,772	\$ 9,319	\$ 453
Expenditures on Behalf of Members	4,357	-	-	4,357	4,025	332
Office of the Chief Electoral Officer	178	1,101	(173)	1,106	808	298
Commissioner of Official Languages	351	-	-	351	314	37
Office of the Speaker	157	91	-	248	192	56
	12,515	3,319	-	15,834	14,658	1,176
Executive						
Executives Offices						
Cabinet Secretariat	5,607	593	-	6,200	6,759	(559)
Ministers' Offices	4,011	-	250	4,261	4,227	34
Public Utilities Board	482	-	-	482	253	229
Commissioner's Office	226	-	-	226	153	73
	10,326	593	250	11,169	11,392	(223)
Ministry of Aboriginal Affairs	2,765	668	(250)	3,183	3,134	49
Financial Management Board Secretariat						
Directorate	20,651	65	50	20,766	23,772	(3,006)
Government Accounting	11,469	785	118	12,372	12,246	126
Labour Relations	6,187	2,827	406	9,420	10,066	(646)
Audit, Budget and Evaluation	4,153	5,117	(574)	8,696	5,945	2,751
	42,460	8,794	-	51,254	52,029	(775)
	55,551	10,055	-	65,606	66,555	(949)
Finance						
Treasury	6,327	1,600	-	7,927	7,756	171
Directorate	1,007	207	(135)	1,079	1,181	(102)
Fiscal Policy	701	-	65	766	735	31
Bureau of Statistics	863	-	70	933	933	-
	8,898	1,807	-	10,705	10,605	100
Municipal and Community Affairs						
Regional Operations	64,865	1,070	(569)	65,366	65,018	348
Community Operations	10,756	-	(703)	10,053	9,995	58
Corporate Affairs	1,959	556	135	2,650	2,844	(194)
Community Development	1,520	-	816	2,336	2,334	2
Directorate	753	-	235	988	956	32
Community Monitoring and Evaluation	924	-	19	943	971	(28)
Emergency Services	710	413	67	1,190	1,187	3
	81,487	2,039	-	83,526	83,305	221

Government of the Northwest Territories

Schedule 2
Continued

Schedule of Expenditures

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Public Works and Services						
Asset Management	42,577	(1,433)	161	41,305	41,213	92
Directorate	8,839	1,414	(687)	9,566	9,174	392
Project Management	7,609	-	327	7,936	7,641	295
Systems and Communications	601	-	199	800	639	161
	59,626	(19)	-	59,607	58,667	940
Health and Social Services						
Primary & Acute Care Programs	129,158	431	9,467	139,056	141,091	(2,035)
Health Insurance Programs	59,435	-	(3,010)	56,425	60,393	(3,968)
Community Health Programs	27,437	622	1,052	29,111	29,323	(212)
Children's Programs	9,691	75	2,548	12,314	12,846	(532)
Administration	29,538	9,199	(10,057)	28,680	25,028	3,652
	255,259	10,327	-	265,586	268,681	(3,095)
Justice						
Law Enforcement	28,015	1,795	-	29,810	29,131	679
Community Justice and Corrections	25,162	3,181	1,423	29,766	30,014	(248)
Registries and Court Services	9,479	80	150	9,709	9,586	123
Legal Services Board	4,852	560	6	5,418	5,301	117
Directorate	3,801	1,900	(1,727)	3,974	3,757	217
Lawyer Support Services	2,272	(70)	148	2,350	2,153	197
	73,581	7,446	-	81,027	79,942	1,085
NWT Housing Corporation	55,240	1,080	-	56,320	51,816	4,504
Education, Culture and Employment						
Educational Development	158,180	2,048	(313)	159,915	160,828	(913)
Culture and Careers	109,584	3,471	8	113,063	109,596	3,467
Directorate and Administration	5,284	4,013	305	9,602	7,807	1,795
	273,048	9,532	-	282,580	278,231	4,349
Transportation						
Airports	24,975	1,447	336	26,758	26,296	462
Highways	16,628	-	289	16,917	16,857	60
Corporate Services	8,141	1,190	(673)	8,658	9,224	(566)
Ferries	3,900	-	20	3,920	4,110	(190)
Motor Vehicles	2,218	-	28	2,246	2,244	2
Community Marine	225	-	(41)	184	78	106
Community Access Roads	75	-	41	116	89	27
Planning and Development	-	-	-	-	-	-
	56,162	2,637	-	58,799	58,898	(99)

Government of the Northwest Territories

Schedule 2
Continued

Schedule of Expenditures

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)/Under Appropriation
Resources, Wildlife and Economic Development						
Resource Management and Economic Development	54,669	4,567	(295)	58,941	59,287	(346)
Forest Management	27,761	11,212	(74)	38,899	38,687	212
Corporate Management	12,221	3,463	314	15,998	15,570	428
Environmental Protection Services	1,791	-	55	1,846	1,686	160
	96,442	19,242	-	115,684	115,230	454
Total Operations and Maintenance	\$ 1,027,809	\$ 67,465	\$ -	\$ 1,095,274	\$ 1,086,588	\$ 8,686
CAPITAL						
Legislative Assembly	\$ 282	\$ 90	\$ -	\$ 372	\$ 267	\$ 105
Executive						
Aboriginal Affairs	-	30	-	30	24	6
Financial Management Board Secretariat	-	788	-	788	673	115
	-	818	-	818	697	121
Municipal and Community Affairs						
Community Operations	24,551	8,095	5	32,651	27,055	5,596
Emergency Services	100	5	25	130	130	-
Sports and Recreation	-	-	-	-	-	-
Directorate	-	-	-	-	-	-
Community Planning and Lands	-	-	-	-	-	-
Regional Operations	-	30	(30)	-	-	-
	24,651	8,130	-	32,781	27,185	5,596
Public Works and Services						
Asset Management	611	2,748	84	3,443	1,789	1,654
Directorate	-	-	69	69	74	(5)
Petroleum Products	1,115	180	(153)	1,142	849	293
	1,726	2,928	-	4,654	2,712	1,942
Health and Social Services	6,108	3,515	-	9,623	9,249	374
Justice	1,154	720	-	1,874	1,483	391
NWT Housing Corporation	43,542	11,816	-	55,358	55,358	-

Government of the Northwest Territories

Schedule 2

Schedule of Expenditures

Continued

for the year ended March 31, 1999
(thousands of dollars)

CAPITAL	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Education, Culture and Employment						
Educational Development	25,239	7,046	(6)	32,279	31,370	909
Culture and Careers	5,280	2,653	6	7,939	7,041	898
	30,519	9,699	-	40,218	38,411	1,807
Transportation						
Highways	17,580	2,000	(1,163)	18,417	11,311	7,106
Airports	8,472	3,301	634	12,407	10,773	1,634
Community Marine	2,000	-	326	2,326	2,309	17
Community Access Roads	735	131	93	959	854	105
Motor Vehicles	1,000	79	50	1,129	1,127	2
Ferries	70	75	60	205	204	1
	29,857	5,586	-	35,443	26,578	8,865
Resources, Wildlife and Economic Development						
Corporate Management	25	73	-	98	94	4
Forest Management	400	245	27	672	659	13
Resource Management and Economic Development	3,134	460	4	3,598	2,995	603
Environmental Protection	410	-	(31)	379	373	6
	3,969	778	-	4,747	4,121	626
Total Capital	\$ 141,808	\$ 44,080	\$ -	\$ 185,888	\$ 166,061	\$ 19,827
Total Expenditures	\$ 1,169,617	\$ 111,545	\$ -	\$ 1,281,162	\$ 1,252,649	\$ 28,513

Schedule of Recoveries of Prior Years' Expenditures

for the year ended March 31, 1999
(thousands of dollars)

DEPARTMENT	Over-Accruals	Recoveries of Valuation Allowances	Other Recoveries	Total
Legislative Assembly	\$ 34	\$ 1	\$ 5	\$ 40
Executive	281	12	240	533
Finance	-	-	(626)	(626)
Municipal and Community Affairs	280	28	96	404
Public Works and Services	-	-	542	542
Health and Social Services	(1,258)	-	1,738	480
Justice	1,773	-	102	1,875
Education, Culture and Employment	1,084	-	181	1,265
Transportation	55	-	174	229
Resources, Wildlife and Economic Development	185	-	123	308
TOTAL	\$ 2,434	\$ 41	\$ 2,575	\$ 5,050

Schedule of Grants

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)/Under Appropriation
Executive						
Executive Offices						
Women's Initiatives	\$ 95	\$ -	\$ -	\$ 95	\$ 95	\$ -
Inaugural Day of Nunavut	-	130	2	132	132	-
	95	130	2	227	227	-
Aboriginal Affairs						
Metis Nation	225	-	-	225	225	-
	225	-	-	225	225	-
	320	130	2	452	452	-
Municipal and Community Affairs						
Grant in Lieu of Taxes	4,208	-	(158)	4,050	4,046	4
Senior Citizens' & Disabled Property Tax	155	-	40	195	241	(46)
NWT Association of Municipalities	131	-	-	131	131	-
NWT Association of Municipal Administrators	5	-	(5)	-	-	-
	4,499	-	(123)	4,376	4,418	(42)
Public Works and Services						
Management services for Rockhill Apartments (grant in kind)	260	-	-	260	260	-
Justice						
Aboriginal Court Challenges	40	-	-	40	10	30
Uniform Law Conference	3	-	-	3	3	-
Canadian Association of Provincial Court Judges	3	-	-	3	-	3
	46	-	-	46	13	33
Education, Culture and Employment						
Student Grants	12,515	129	(500)	12,144	9,430	2,714
Community Broadcasting	117	-	-	117	126	(9)
Cultural Organizations	8	-	-	8	-	8
	12,640	129	(500)	12,269	9,556	2,713

Government of the Northwest Territories

Schedule 4

Schedule of Grants

Continued

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)/Under Appropriation
Resources, Wildlife and Economic Development						
Small Business Grants	735	-	(42)	693	670	23
Fur Price Program	495	-	(47)	448	324	124
Fire Damage Compensation	100	-	150	250	240	10
NWT Tourism Association (grant in kind)	86	-	-	86	23	63
Disaster Compensation Program	15	-	31	46	46	-
Humane Trap Development	5	-	-	5	-	5
	1,436	-	92	1,528	1,303	225
Total Operations and Maintenance	\$ 19,201	\$ 259	\$ (529)	\$ 18,931	\$ 16,002	\$ 2,929
CAPITAL						
Public Works and Services						
Sale of old Warehouse - Inuvik (grant in kind)	\$ -	\$ -	\$ 72	\$ 72	\$ 72	\$ -
Education, Culture and Employment						
Allain St Cyr School (grant in kind)	67	-	-	67	-	67
Inuvik, office building (grant in kind)	-	127	-	127	127	-
Hamlet of Rankin Inlet (grant in kind)	-	100	-	100	-	100
	67	227	-	294	127	167
Transportation						
Tandem trucks (grant in kind)	-	50	-	50	50	-
Resources, Wildlife and Economic Development						
Energy Conservation	-	-	305	305	302	3
Total Capital	\$ 67	\$ 277	\$ 377	\$ 721	\$ 551	\$ 170
Total Grants	\$ 19,268	\$ 536	\$ (152)	\$ 19,652	\$ 16,553	\$ 3,099

Government of the Northwest Territories

Schedule 5

Schedule of Contributions

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Executive						
Executive Offices						
Status of Women Council	\$ 296	\$ -	\$ -	\$ 296	\$ 296	\$ -
Native Women's Association	167	-	-	167	167	-
Women's Conferences	-	-	80	80	80	-
	463	-	80	543	543	-
Financial Management Board Secretariat						
Power Subsidy	7,433	785	-	8,218	8,293	(75)
Occupational Health and Safety	433	-	-	433	432	1
	7,866	785	-	8,651	8,725	(74)
Aboriginal Affairs						
Western Constitutional Development	202	-	-	202	202	-
Aboriginal Organizations	75	-	4	79	79	-
Self Government	20	-	6	26	26	-
Inherent Right Working Group	-	-	24	24	24	-
	297	-	34	331	331	-
	8,626	785	114	9,525	9,599	(74)
Municipal and Community Affairs						
Municipal Operating Assistance Program	29,736	-	235	29,971	30,005	(34)
Water / Sewer Services Subsidy Program	10,260	150	(236)	10,174	10,161	13
Block Funding Transfer Payment	6,732	-	(166)	6,566	6,516	50
Transfers - Other Government Departments	3,413	677	134	4,224	4,213	11
Community Empowerment Transfers	2,694	-	953	3,647	3,426	221
Settlement Operating Assistance Program	2,687	-	(19)	2,668	2,667	1
Northern Employment Strategy	1,500	-	(1,500)	-	5	(5)
Municipal Equalization Transfer Payments	965	-	33	998	859	139
Summer Pool Operating	367	-	(73)	294	280	14
Fire Fighting Training	275	-	20	295	225	70
Inuit and Dene Games	214	-	(39)	175	183	(8)
Intercommunity Sport Competition Program	174	-	5	179	144	35
Coaching Development Strategy	-	-	358	358	336	22
	59,017	827	(295)	59,549	59,020	529
Public Works and Services						
Arctic Energy Alliance (contribution in kind)	-	-	-	-	10	(10)
	-	-	-	-	10	(10)

Government of the Northwest Territories

Schedule 5
Continued

Schedule of Contributions

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)/Under Appropriation
Health and Social Services						
Boards of Management	171,792	1,128	10,136	183,056	185,493	(2,437)
Strategic Initiatives Fund	4,000	(145)	-	3,855	2,221	1,634
Community Wellness Programs	359	-	184	543	437	106
Health Awareness, Activities and Education	165	-	(22)	143	143	-
Community Transfer / Feasibility Studies	100	-	(100)	-	-	-
Community Transfer / Social Services	98	-	(98)	-	-	-
Medical Professional Development	50	-	-	50	50	-
Group Liability Insurance Plan	50	-	-	50	50	-
Elders / Physically-Mentally Challenged	-	-	126	126	226	(100)
Recruitment and retention Human Resources	-	-	-	-	27	(27)
	176,614	983	10,226	187,823	188,647	(824)
Justice						
Legal Aid Clinics	1,680	-	-	1,680	1,577	103
Community Justice	918	-	269	1,187	1,013	174
Victims Assistance	379	-	(179)	200	188	12
Community Constable Program	-	90	39	129	140	(11)
Civil Law Justice Forum	-	-	-	-	1	(1)
	2,977	90	129	3,196	2,919	277
NWT Housing Corporation	55,240	1,080	-	56,320	51,816	4,504
Education, Culture and Employment						
Education Authority Contributions	144,800	2,048	(570)	146,278	146,012	266
College Contributions	28,852	1,675	570	31,097	32,622	(1,525)
Healthy Children's Initiative	3,112	-	-	3,112	2,970	142
Town of Iqaluit	3,074	-	-	3,074	270	2,804
Investing in People	2,000	-	-	2,000	1,678	322
Community Income Support Delivery	1,410	-	(1,410)	-	-	-
NWTTA Professional Improvement Fund	1,320	-	-	1,320	1,195	125
Community Teacher Education Program	1,290	-	40	1,330	1,387	(57)
Early Childhood Program	1,197	-	-	1,197	1,190	7
Language Communities	525	-	-	525	302	223
Literacy Funding	381	-	-	381	274	107
Community Library Services	345	-	(3)	342	325	17
Cultural Organizations	239	-	-	239	324	(85)
NWT Arts Council	193	-	-	193	193	-
Community Museums	172	-	-	172	134	38
Dene Language Programming	150	-	-	150	150	-
Native Communications	105	-	-	105	121	(16)
Cultural Enhancement	89	-	-	89	122	(33)
Oral Traditions Program	77	-	-	77	67	10
Northern Performers	75	-	-	75	56	19
Vocational Rehabilitation for Disabled Persons	45	-	-	45	45	-
	189,451	3,723	(1,373)	191,801	189,437	2,364

Government of the Northwest Territories

Schedule 5

Schedule of Contributions

Continued

for the year ended March 31, 1999
(thousands of dollars)

OPERATIONS AND MAINTENANCE	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Transportation						
Community Local Access Roads	14	-	81	95	81	14
Fort Smith Metis Local	-	-	25	25	17	8
	14	-	106	120	98	22
Resources, Wildlife and Economic Development						
Business Development Fund	10,210	-	(823)	9,387	9,435	(48)
NWT Development Corporation	6,111	-	-	6,111	6,111	-
Community Futures	4,304	-	369	4,673	4,673	-
Community Transfer Initiatives	1,579	-	161	1,740	1,712	28
Western Harvester Support Program	1,549	211	2	1,762	1,435	327
Industry Association Core Funding	1,258	-	90	1,348	1,348	-
Community Harvester Assistance Program	1,060	-	(318)	742	674	68
West Kitikmeot Slave Study	750	-	-	750	552	198
Commercial Fisheries	600	-	(46)	554	532	22
Local Wildlife Committees	358	-	(69)	289	258	31
Business Credit Corporation	305	-	-	305	219	86
Prospectors' Assistance Program	155	-	-	155	123	32
Northern Accord	140	-	(25)	115	-	115
Hook Lake Bison Recovery	125	-	-	125	125	-
Wildlife Management Boards	111	-	70	181	175	6
Development Impact Zones	85	-	-	85	41	44
Community Organized Hunts	29	-	(6)	23	23	-
Canadian Energy Research Institute	25	-	-	25	25	-
Support to Fur Industry	15	-	10	25	25	-
Industry Assistance	-	1,500	-	1,500	734	766
Nunavut Wildlife Management Board	-	-	515	515	515	-
Interim Resource Management Assistance	-	-	375	375	375	-
Arctic Energy Alliance	-	-	261	261	175	86
Deh Cho First Nations	-	-	100	100	100	-
Treeline Trappings	-	-	100	100	-	100
Nunavut Arts and Crafts	-	-	100	100	100	-
Independent Environmental Monitoring	-	-	-	-	-	-
Agency	-	-	100	100	100	-
Aboriginal Diamonds	-	-	100	100	80	20
Metis Nation	-	-	50	50	50	-
Protected Areas Strategy	-	-	40	40	40	-
Traditional Knowledge	-	-	30	30	30	-
National Aboriginal Achievement Awards	-	-	25	25	25	-
Sahtu Secretariat	-	-	25	25	25	-
Nunavut Tunngavik Inc.	-	-	25	25	23	2
Canadian Tulip Festival	-	-	20	20	20	-
Nunavut Arctic College	-	-	15	15	15	-
Arctic Mining Symposium	-	-	10	10	10	-
Canadian Co-operative Wildlife Health Centre	-	-	10	10	5	5
Tetlit Renewable Resources Council	-	-	8	8	8	-
	28,769	1,711	1,324	31,804	29,916	1,888
Total Operations and Maintenance	\$ 520,708	\$ 9,199	\$ 10,231	\$ 540,138	\$ 531,462	\$ 8,676

Government of the Northwest Territories

Schedule 5
Continued

Schedule of Contributions

for the year ended March 31, 1999
(thousands of dollars)

CAPITAL	Main Estimates	Supplementary Estimates	Transfers	Total Appropriation	Actual Expenditures	(Over)Under Appropriation
Municipal and Community Affairs						
Block Funding	\$ 5,964	\$ -	\$ 26	\$ 5,990	\$ 5,976	\$ 14
Water and Sanitation	3,380	3,327	164	6,871	4,226	2,645
Public Buildings and Fire Protection	2,021	-	(426)	1,595	1,294	301
Mobile Equipment	1,837	-	(12)	1,825	1,765	60
Road / Site / Land	1,439	-	(422)	1,017	1,255	(238)
Sport and Recreation	1,109	781	(139)	1,751	910	841
Community Planning	485	-	(457)	28	39	(11)
Surveys and Mapping	225	-	(225)	-	-	-
Granular Material	70	-	(35)	35	45	(10)
	16,530	4,108	(1,526)	19,112	15,510	3,602
Health and Social Services						
Community Health Programs	2,950	4,895	(4,424)	3,421	3,569	(148)
Justice						
Wilderness Camps	100	-	28	128	123	5
NWT Housing Corporation	43,542	11,816	-	55,358	55,358	-
Education, Culture and Employment						
Northern Employment Strategy	2,000	710	(120)	2,590	2,563	27
Schools, furniture and equipment	-	-	1,608	1,608	2,113	(505)
Colleges, furniture and equipment	-	-	123	123	123	-
Cambridge Bay School, temporary accommodation lease	-	-	154	154	154	-
Sahtu School fence	-	-	10	10	10	-
St. Joseph portable link	-	-	50	50	50	-
Technology Infrastructure Development	-	-	92	92	92	-
Cambridge Bay, Solar Apartments, window replacement	-	-	25	25	25	-
	2,000	710	1,942	4,652	5,130	(478)
Transportation						
Community Access Roads	615	47	(28)	634	522	112
Marine Minor Works	154	-	-	154	164	(10)
Rae / Edzo Airport Facility-Dogrib Rae Band	-	250	-	250	-	250
	769	297	(28)	1,038	686	352
Total Capital	\$ 65,891	\$ 21,826	\$ (4,008)	\$ 83,709	\$ 80,376	\$ 3,333
Total Contributions	\$ 586,599	\$ 31,025	\$ 6,223	\$ 623,847	\$ 611,838	\$ 12,009

Schedule of Special Warrants

for the year ended March 31, 1999
(thousands of dollars)

	Purpose	Date of FMB Approval	Amount Authorized
OPERATIONS AND MAINTENANCE			
Executive			
Financial Management Board Secretariat			
	To provide funding for the additional costs of collective bargaining and job evaluation.	15-Jan-99	\$ 600
Finance			
	To provide funding for the increase in anticipated interest costs of short-term borrowing to meet Government financial commitments.	15-Jan-98	1,600
Municipal and Community Affairs			
	To provide funding for disaster assistance payments to residents in the Keewatin and Baffin regions as a result of a severe windstorm.	07-Apr-98	144
	To provide funding to adequately meet the statutory requirements of the Fire Prevention Act.	26-June-98	313
Health and Social Services			
	To provide funding for the government's share of one-time costs of acquiring the Canadian Red Cross Society's Blood-Related assets and associated transition costs.	21-Jul-98	699
Justice			
	To provide funding for the Government's share of the purchase of a new aircraft to replace the RCMP twin otter.	18-Dec-98	1,600
	To provide additional funding to address the 1998-99 base deficiency of the Legal Services Board.	15-Jan-99	560
Resources, Wildlife and Economic Development			
	To provide funding to cover the shortfall in the 1998-99 fire suppression budget as a result of an extreme forest fire season.	14-Aug-98	9,000
Total Operations and Maintenance			\$ 14,516

Government of the Northwest Territories

Schedule 6

Schedule of Special Warrants

Continued

for the year ended March 31, 1999
(thousands of dollars)

	Purpose	Date of FMB Approval	Amount Authorized
CAPITAL			
Legislative Assembly			
	To provide additional funding to undertake capital requirements relative to the Capital Site Ceremonial Circle Project.	26-Jun-98	\$ 90
Municipal and Community Affairs			
	To provide funding to adequately meet the statutory requirements of the Fire Prevention Act.	26-Jun-98	35
	To provide funding for the final payment on the construction of the Colville Lake Community Assembly Building, which was completed one year early.	15-Oct-98	310
Health and Social Services			
	To provide funding for emergency repairs to the Nats'ejee K'eh Alcohol and Drug Treatment Centre on the Hay River Reserve.	15-Oct-98	121
Education, Culture and Employment			
	To provide funding to lease and renovate temporary facilities and to establish a new capital project for the school in Cambridge Bay which was destroyed by fire.	14-Aug-98	2,900
Total Capital			\$ 3,456

Schedule of Inter-activity Transfers over \$250,000

for the year ended March 31, 1999
(thousands of dollars)

	Transfer to (from)	Explanation
OPERATIONS AND MAINTENANCE		
Executive		
Financial Management Board Secretariat		
Labour Relations and Compensation Services	\$ 276	Transfer of systems funding and resources from Information Management to divisions responsible for costs.
Government Accounting	168	
Audit, Budgeting and Evaluation	(444)	
Municipal and Community Affairs		
Community Development	600	Transfer of responsibility for the Community Development Fund.
Community Monitoring and Evaluation	(600)	
Regional Operations	348	Transfer funding for Water / Sewer Services Subsidy Program.
Community Operations	(348)	
Regional Operations	(957)	Departmental adjustments including the transfer of the Northern Employment Strategy into the Community Development Fund.
Community Development	358	
Community Operations	(464)	
Community Monitoring and Evaluation	510	
Emergency Services	133	
Directorate	341	
Corporate Affairs	79	
Regional Operations	(308)	To reallocate funding in conjunction with the third quarter variance and year end projections.
Community Development	68	
Community Operations	133	
Community Monitoring and Evaluation	(2)	
Emergency Services	(22)	
Directorate	(139)	
Corporate Affairs	270	

Government of the Northwest Territories

Schedule 7

Schedule of Inter-activity Transfers over \$250,000

Continued

for the year ended March 31, 1999
(thousands of dollars)

	Transfer to (from)	Explanation
OPERATIONS AND MAINTENANCE		
Public Works and Services		
Asset Management	515	To transfer funding received in Supplementary Appropriation No. 5 for the implementation of a new collective agreement and job evaluation system
Project Management	357	
Systems and Communications	8	
Directorate	(880)	
Health and Social Services		
Children's Programs	2,617	To reallocate funding between activities in accordance with the revised departmental structure. The revised structure was approved subsequent to approval of the Main Estimates.
Community Health Programs	1,586	
Primary and Acute Care Programs	553	
Health Insurance Programs	(3,101)	
Administration	(1,655)	Miscellaneous funding transfers for contributions to Boards.
Health Insurance Programs	91	
Primary and Acute Care Programs	2,655	
Community Health Programs	(534)	
Administration	(2,143)	
Children's Programs	(69)	
Primary and Acute Care Programs	6,259	
Directorate	(6,259)	
Justice		
Community Justice and Corrections	1,423	To transfer funding received in Supplementary Appropriation No. 5 for the implementation of a new collective agreement and job evaluation system
Registries and Court Services	203	
Lawyer Support Services	148	
Legal Services Board	6	
Directorate	(1,780)	

Government of the Northwest Territories
Schedule of Inter-activity Transfers over \$250,000

Schedule 7
Continued

for the year ended March 31, 1999
(thousands of dollars)

	Transfer to (from)	Explanation
OPERATIONS AND MAINTENANCE		
Education, Culture and Employment		
Culture and Careers	831	To correct the allocation of funding transferred from Public Works and Services as part of the User Say / User Pay Initiative.
Educational Development	(831)	
Educational Development	261	To correct the allocation of funding transferred from Public Works and Services as part of the User Say / User Pay Initiative.
Culture and Careers	(261)	
Directorate	500	To transfer funding to address projected short falls related to systems costs; a lower than projected vacancy rate; the implementation of the Digital Communications Network and the updating of the Department's Strategic Plan.
Culture and Careers	(500)	
Transportation		
Airports	365	To transfer funding received in Supplementary Appropriation No. 5 for the implementation of a new collective agreement and job evaluation system.
Highways	235	
Ferries	20	
Motor Vehicles	20	
Corporate Services	(640)	
CAPITAL		
Education, Culture and Employment		
Culture and Careers	400	To transfer additional funds to address Aurora College's portion of the High Temperature Water System Project in Inuvik.
Educational Development	(400)	
Transportation		
Airports	263	Additional funding required for runway extension lighting and relocation of PAPI units for airport at Deline.
Highways	(263)	
Airports	650	Funding requirements for diamond related projects.
Highways	(650)	

Schedule of Debenture Loans Receivable from Municipalities (Summary)

for the year ended March 31, 1999
(thousands of dollars)

	Original Amount	Principal Balance March 31, 1998	New Loans	Principal Repayments	Principal Balance March 31, 1999
Municipality of Yellowknife	\$ 750	\$ 109	\$ -	\$ 109	\$ -
Municipality of Fort Smith	3,115	3,008	-	319	2,689
Municipality of Fort Simpson	353	301	-	24	277
Municipality of Inuvik	4,191	3,079	-	370	2,709
Municipality of Norman Wells	1,273	905	-	119	786
Municipality of Iqaluit	6,866	3,684	-	566	3,118
Municipality of Broughton Island	193	193	-	193	-
Municipality of Kimmirut	45	-	45	-	45
Municipality of Pond Inlet	100	100	-	-	100
	16,886	11,379	45	1,700	9,724
Less : Valuation Allowance		876			780
	\$ 16,886	\$ 10,503	\$ 45	\$ 1,700	\$ 8,944

Government of the Northwest Territories

Schedule 8

Continued

Schedule of Debenture Loans Receivable from Municipalities

for the year ended March 31, 1999
(thousands of dollars)

	Year of Maturity	Interest Rate	Original Amount	Principal Balance March 31, 1998	New Loans	Principal Repayments	Principal Balance March 31, 1999
Municipality of Yellowknife							
224 Trails End water and sewer replacement	2005	9.25	\$ 750	\$ 109	\$ -	\$ 109	\$ -
Municipality of Fort Smith							
43 Personal care facility, Amalgamation of debentures #39 and #41	2026	11.27	2,765	2,706	-	17	2,689
46 West Grove subdivision	2005	9.15	350	302	-	302	-
			3,115	3,008	-	319	2,689
Municipality of Fort Simpson							
6 Fire hall addition; refinance debenture #5	2006	9.00	136	99	-	10	89
7 Fire truck and alarm system	2008	9.00	67	52	-	3	49
8 Wildrose Acres sub-division	2007	6.50	150	150	-	11	139
			353	301	-	24	277
Municipality of Inuvik							
5 Town hall / fire hall	2000	9.00	350	66	-	30	36
33 Refinance previous debentures	2005	8.25	944	557	-	89	468
34 Refinance previous debentures	2010	8.34	1,657	1,270	-	187	1,083
35 Recreation centre	2007	7.30	400	372	-	31	341
36 Recreation centre completion	2012	8.05	690	664	-	29	635
37 Recreation centre completion	2017	7.80	150	150	-	4	146
			4,191	3,079	-	370	2,709
Municipality of Norman Wells							
6 MacKenzie Drive Road upgrade; refinance	2010	9.00	183	157	-	7	150
7 Residential sub-division	1998	6.95	250	27	-	27	-
8 Refinance previous debentures	2011	8.25	490	431	-	20	411
9 Residential subdivision	2001	7.40	350	290	-	65	225
			1,273	905	-	119	786

Government of the Northwest Territories

Schedule 8

Schedule of Debenture Loans Receivable from Municipalities

Continued

for the year ended March 31, 1999
(thousands of dollars)

	Year of Maturity	Interest Rate	Original Amount	Principal Balance March 31, 1998	New Loans	Principal Repayments	Principal Balance March 31, 1999
Municipality of Iqaluit							
13 Local improvements; refinance	2011	9.00	298	252	-	24	228
14 Refinance previous debentures	2008	0.00	4,868	2,604	-	114	2,490
15 New expansion area, Phase IV (#1)	2013	9.50	750	434	-	34	400
17 Expansion area, Phase IV	2005	9.65	300	63	-	63	-
18 Expansion area, Phase IV	2005	9.65	650	331	-	331	-
			6,866	3,684	-	566	3,118
Less : Valuation Allowance				876			780
			6,866	2,808	-	566	2,338
Municipality of Broughton Island							
1 Land development	2007	7.50	193	193	-	193	-
Municipality of Kimmirut							
1 Land development	2003	7.50	45	-	45	-	45
Municipality of Pond Inlet							
1 Land development	2007	7.50	100	100	-	-	100
			\$ 16,886	\$ 10,503	\$ 45	\$ 1,700	\$ 8,944

Schedule of Other Long-term Receivables

for the year ended March 31, 1999
(thousands of dollars)

	Principal Balance March 31, 1998	New Loans	Principal Repayments	Principal Balance March 31, 1999
Agreements for Sale	\$ 554	\$ -	\$ 190	\$ 364
Offer to Purchase - Kekortak Co-Op, Gjoa Haven	200	-	31	169
	\$ 754	\$ -	\$ 221	\$ 533

Schedule of Bad Debt Write-offs, Forgiveness and Student Loan Remissions

for the year ended March 31, 1999

ACCOUNTS RECEIVABLE WRITTEN OFF

Executive		All Departments - Other Miscellaneous	
Atagoyuk, Solomon	\$ 663	Accounts Less Than \$500	3,772
	<u>663</u>		
Finance		Student Loan Interest Written Off	34,885
House of Signs	1,445		
	<u>1,445</u>	Accounts Forgiven, Not Previously	
		Written Off 1998/99 Forgiveness	<u>137,188</u>
Municipal and Community Affairs		Total Accounts Written Off	<u>317,745</u>
Beaulieu, Melanie, Estate of	710		
Senych, William, Estate of	500		
	<u>1,210</u>	Student Loan Fund	
Public Works and Services		Bethwith, Melinda	1,175
Arctic Ice Builders	4,724	Cockney, Georgina	7,500
Condex Heat Transfer Corporation	600	Edkins, Gavin	15,980
Data Tel	770	Foote, Cheryl	2,850
Dillion & Sons	4,736	Hein, Dayl	1,600
Fort Franklin Sewer	5,239	Hill, Tracy	2,200
Great Bear Contractor	3,854	Kilabuk, Eliyah	1,260
Mack Services	8,039	Lafferty, Corinne	1,394
MacLeod, Ellen	12,934	Lindberg, Mary	750
Menicoche-Moses, Lorayne	6,543	Mailhot, Brenda	4,000
	<u>47,439</u>	McPherson, Dolly Ann	1,560
Health and Social Services		Nakashuk, Salia	7,500
Beguner, Patricia	13,476	Pambrun, Debra	2,200
Katimavik Society	57,289	Reid, Stephen	9,240
McNabb, Joseph	3,490	Ryan, Cynthia	8,236
	<u>74,255</u>	Sherman, Patricia	1,100
Justice		Shewan, Mary Ann	7,653
Nowdluk, Josaphee	4,574	Simmard, Michelle	6,770
	<u>4,574</u>	Thompson, Arlene	2,200
Transportation		Ungalaq, Sidonie	7,500
C & C Riling	718	Wright, Jason	5,400
	<u>718</u>	Total Loans Written Off	<u>98,068</u>
Resources, Wildlife and Economic Development		Total Accounts and Loans Written Off	<u>\$ 415,813</u>
Pangnirtung Chamber of Commerce	902		
Western Arctic Craft Society	10,694		
	<u>11,596</u>		
Total Accounts Written Off Over \$500	\$ 141,900		

FORGIVENESS

Accounts Forgiven, Not Previously Written	
Off 1998/99 Forgiveness	<u>137,188</u>

Schedule of Bad Debt Write-offs, Forgiveness and Student Loan Remissions

for the year ended March 31, 1999

STUDENT LOAN REMISSIONS

Under the Student Financial Assistance Regulations, the Government may forego collection of students' loans, provided certain criteria are met. The students listed below, having met the academic and the employment or residency criteria, have qualified and been granted remission of their loans.

Adkins, Gabriele	\$ 2,760	Bouchard, Robert	3,005
Adkins, Gary	1,155	Boulanger, Joseph	3,701
Aglukkaq, Allen	11,140	Boulanger, Margaret	4,923
Ait Ahmed, Lahoucine	628	Bourke, Shauna	2,321
Akavak, Pitsula	2,755	Bourque, Mary	1,439
Akittirq, Kango	737	Boxer, Donald	1,600
Aknavigak, Christine	2,431	Brisette, Niconara	3,571
Akulukjuk, Leesie	6,574	Brown, Ralph	2,890
Alikatuktuk, Mary	4,307	Bryant, Melanie	2,103
Alivaktuk, Meeka	2,972	Bullock, Curtis	1,113
Ambrose, Clint	1,816	Burbidge, Brandi	2,512
America, Cora	2,319	Burrill, Wendy	4,062
Amrow, Kelly	746	Cameron, Marni	1,955
Amrow, Kenneth Shep	3,095	Campbell, Lori	2,200
Anderson, Wanda	2,497	Carraretto, Robert	775
Andrew, Jessie	4,021	Carroll, Sharla	2,557
Angilirq, Amelia	556	Caza, Catherine	3,472
Angnakak, Marlene	4,513	Chalifoux, Brenda	1,763
Angnetsiak, Martha	5,099	Charlie, Annie	2,173
Angulalik, Emily	1,988	Chassie, Karen	1,980
Angutiqjuaq, Ruthie	6,365	Chatman, Jody	3,423
Arabski, Ann	2,455	Chatwood, Kirsty	1,229
Arey, Verna	2,980	Chorostkowski, Bradley	1,264
Arey, Mayvis	3,018	Clark, Krista	1,373
Arey, Renie	5,000	Clark, Leigh	3,447
Argue, Chris	1,360	Cielland, Rhonda	1,250
Armstrong, Brian	3,112	Cockney, Evelyn	1,898
Arnaumayayuq, Nuterajuk	2,222	Collins, Hazel	3,357
Arreak, Geebowah	3,329	Colpitts, Valerie	832
Ashton, Scott	2,771	Comin, Wade	3,431
Ashton, Toderick	2,944	Connors, Jerry	855
Atigikyoak, Mavis	1,755	Corbeil, Andre	641
Atkinson, Emily	1,196	Corey, Grant	1,191
Attagutsiak, Eunice	2,428	Cornes, Linda	1,837
Aumond, Michael	2,768	Cousins, Salomie	3,021
Barnes, Deborah	2,840	Cran, David	2,492
Barnes, Keith	2,579	Crant, Kevin	1,640
Barr, Alison	2,560	Crawford, Barbara	6,214
Barry, Troy	3,200	Croizier, Mari	3,018
Bawtinimer, Karyne	4,075	Cronk, Mark	1,004
Beaulieu, Debbie	2,648	Cronman, Michelle	4,103
Beck, Lewis	2,381	Cuerrier, Sheila	2,057
Beck, Louise	758	Cumming, Sandra	1,173
Bell, Adrian	3,326	Curran, Amy	1,607
Bell, Brendan	2,038	Curran, Eletha	3,103
Bell, Craig	503	Curran, Peter	1,881
Belyea, Jennifer	1,398	Cutten, Murray	3,021
Benoit, Brenda	2,944	Czamecki, Andrea	1,398
Bergeson, Douglas	2,850	Davey, Pamela(MacLellan)	3,230
Bergman, Jennifer	2,173	Day, Clara	2,969
Bernath-Bischoff, Susanne	2,200	Dean, Shaun	2,332
Bertolini, Alex	2,857	Deans, Tyler	2,750
Berton, Fabrizio	3,200	Delorey, Monique	1,406
Bevington, Nicholas	2,804	deRidder, Maria	3,200
Bisaro, Perry	1,258	Desjarlais, Michelle	1,947
Blesse, Di Ann	4,202	Dewabury, Neil	2,312
Blondin-Forrest, Evelyn	2,669	Dexter, Alison	2,074
Boado-Ramirez, Asuncion	1,873	Dexter, Andrew	1,857
Bohnet, Seth	3,200	Dialla, Sheila	1,138
Bossert, Lisa	1,142	Donahue, Brendan	1,600

Schedule of Bad Debt Write-offs, Forgiveness and Student Loan Remissions

Continued

for the year ended March 31, 1999

STUDENT LOAN REMISSIONS (continued)

Doyle, Marie	3,005	Gould, Carol	1,380
Drescher, Michael Sr	1,480	Grandjambe, Janet	2,853
Drinnan, Siubhan	2,181	Gravel, Michael	6,000
Dumas, Philip	2,200	Green, Joslin	1,324
Dumond, Camille	1,455	Green, Paul	2,362
Dumond, Michelle	1,972	Griffore, Tanya	1,516
Dumond, Sandra	2,308	Grundy, Paul	3,533
Dumont, Melanie	5,386	Guinan, Derran	4,730
Dunne, Terry	2,162	Gunn, Libby	3,779
Duong, Kim	1,738	Haener, Madelon	1,276
Duval-Evic, Lucy	2,357	Halifax, Dean	6,400
Dyce, Michael	1,453	Hamburg, Jeremy	1,923
Edgson, Melodie(Trytten)	3,099	Hamer, Coralee	1,008
Edwards, Gladis	914	Hamm, Nicole	2,558
Eetoolook, Mary	3,099	Harding, Peter	3,167
Eggenberger, Jennifer	1,600	Harding, Robert	3,100
Ekenale, Alma	3,120	Harney, Kami	818
Elief, Freda	5,038	Hartery, Keith	2,046
Elkin, Derek	2,952	Hartop, Jason	1,956
Ellis Cronin, Sarah	3,200	Hart, Robert	3,128
Emaghok, Georgina	1,722	Havioyak, Margaret	2,964
Erasmus, Che	3,205	Havioyak, Marjorie	2,837
Eskelson-Minault, Roslind	2,763	Hawick, Margaret	2,956
Etungat, Mary	1,173	Hazenber, Darren	1,000
Evans, Sylvie	2,669	Hazenber, Melissa	3,434
Eveson, Ronald	3,200	Hendry, Eileen	3,132
Eyakfwo, Celine	3,468	Henrie, Bernadette	2,286
Falconer, Melody	2,730	Herback, Naomi	775
Fandrick, Amber	2,566	Hessian, Shannon	1,640
Fandrick, Nicole	816	Hessian, Sharon	988
Feria, Marites	3,019	Hewitt, Chris	1,511
Firth, Jason	2,000	Heyland, Julie	1,011
Fisher, Edith	1,766	Hickey, Jeannie	2,546
Flaherty, Elisapee	2,650	Hiebert, Terrence	975
Fletcher, J. Errol	2,423	Higgins, Eelee	4,149
Forbes, Jason	914	Hilliard, Sheila	4,812
Forbes, Tom	2,447	Holmes, Naomi	3,431
Forget, Gisele	3,332	Hopkins, Margo	2,886
Fournier, Renee	3,228	Howden, Laura	3,927
Fowler, Candace	2,005	Howie, Jason	1,796
Fowler, Sean	3,051	Hubert, Andrew	1,414
Fraser, Dora	2,003	Hubert, Casey	824
Frauts, Kristin	3,200	Humphreys, Jackie	865
Fredlund, David	6,400	Hunt, Christopher	2,988
Fuglsang, Graham	2,944	Hunt, Julia	1,600
Furtan, Jean	1,277	Inch-McCormick, Jennifer	2,235
Gagnier, Monique	2,972	Inkster, Gabe	3,200
Gallagher, Lisa	3,103	Irlbacher, Stephanie	2,772
Gamble, Samuel	1,406	Jacobson, Jeanne	2,747
Gard, Paul	1,022	Jacobson, Jenny	3,464
Garrels, Brendhan	2,090	Jaggal, Tina	3,480
Gaudet, Martin	585	Jardine, Scott	1,097
Gauthier, Laurie	2,955	Jaworenko, Rocky	3,562
Gill, Cherri	546	Jeffred, Valerie	896
Gill, Michael	1,796	Joamie, Rosie	6,029
Gillis, Mary	2,464	Johnson, Karen	2,928
Glawson, Aimee	3,200	Johnson, Stephen	2,200
Gonda, Judy	1,173	Johnston, Tracy	2,354
Gonzales, Roderick	997	Jones, Adrienne	3,115
Goodzeck, Jonathan	1,694	Jones, Barbara	3,223
Gordon, Aaron	7,947	Jones, Chamberlain	2,452
Gosse, Corinne	1,464	Jonkisz, Barbara	2,173
Goudie, Travis	2,058	Joas, Sadie	2,919
Goudreau, Mariette	849	Kaduck, Raymon	4,059
Goudreau, Simone	1,508	Kaaser, Christina	3,353

Schedule of Bad Debt Write-offs, Forgiveness and Student Loan Remissions

Continued

for the year ended March 31, 1999

STUDENT LOAN REMISSIONS (continued)

Kaliuk, Jeanie	10,875	Manickum, Harshendra	3,200
Kapicki, Brent	1,377	Manickum, Mahendra	1,694
Karoo, Tikkiq	2,735	Mantla, Alestine	2,939
Kashman, Joyce	1,710	Mantla, Theresa	3,829
Kaulbach, Craig	1,346	Marchiori, Dennis	2,579
Kay, Ruth	3,243	Marlowe, Evelyn	2,247
Kayotak, Yvonne	10,329	Martin, Andrew	2,750
Keenainak, Licia	2,238	Martin, Jordan	2,403
Kelleher, Sarah	3,304	Mason, Kevin	1,750
Kelly, Marie	4,431	Mathison, Mike	2,694
Kemey-Jones, Shirley	2,164	Maw, Lester	3,329
Kenny, Angela	629	Mayo, Jane	947
Keogh, Christine	6,400	McCagg, Heather	3,189
Keppel, Richard	1,979	McCallum, Marilee	1,600
Kidston, Tanya	2,574	McCann, Shawn	1,906
King, Erin	2,390	McClelland, Tim	3,200
Kingdon, Paige	2,025	McCowan, David	2,849
Kokoszka, Donna	3,200	McCowan, Wayne	3,378
Kolothumkattil, Raghu	3,332	McCrackin, Melissa	640
Komaksiutiksak, Jerry	4,380	McDonald, James	2,959
Kovalench, Tracy	832	McGregor, Fiona	3,136
Krause, Arnold	1,589	McKay, Mark	3,200
Krause, Michelle	1,589	McKercher, Barbara	973
Kuniliusie, Maggie	2,214	McLeod, Lloyd William	1,580
Kupeuna, Rosie	3,288	Melnyk, Sandra	1,886
Lacroix, Julia	2,214	Menzies, Jennifer	3,612
LaFoy, Bradley	1,041	Menzies, Laurel	1,149
Lagore, David	3,021	Mercredi, Irene	1,305
Langlois, Colette	2,914	Michetti, Catherine	2,349
Latour, Colinda	3,140	Miller, Joseph	2,615
Lau-a, Grace	1,936	Miller, Shona	1,600
Lau-a, Revi	4,906	Mount, Pierre	1,894
Laurell, Ari	1,074	Moosenose, Angus	6,132
Laws, Ian	2,722	Muckpaloo, Iga	3,206
Leclerc, Marc	3,479	Mulders, Annemieke	6,673
Lee, Nahum	2,054	Mulgrew, Mavis (Atigikyoak)	1,115
Lee, Sandy	3,021	Munro, Larry	3,001
Lehmann, David	2,488	Naidu, Ashreena	7,890
Leishman, Jeffry	1,738	Nault, Jason	2,865
Lennie, Gloria	2,000	Neilsen, Stephen	771
Lenoir, Martha	2,518	Nendsa, Christopher	849
Lester, Ginger	1,764	Nielsen, Stephen	1,324
Lewis, Lawrence	4,046	Nind, Ben	2,706
Li, Mui Hui	2,115	Nitsiza, Marie	7,824
Lill, Enna	2,783	Nolsoe, David	829
Lindsay, Tonya	3,066	Norris, Bessie	2,500
Lines, Eileen	4,028	Northrop, Christie	3,865
Look, Randall	2,344	Northrop, Cynthia	2,390
Lyaill, Jesse	4,260	Nowdlak, Lena	4,401
Lyaill, Margaret	2,689	Oh, Gyusook	2,980
Lyons, Andrea	5,516	O'Hare, Kathleen	3,228
Lyta, Nala	3,112	Ohokannoak, Susie	4,329
MacDonald, Ian A.	1,082	Okraimec, Jason	3,148
MacKay, Angus	2,743	Oliktoak, Mollie	7,546
Mackie, Judy	2,755	Olsen, Richard	3,377
MacLeod, Mary	3,758	Olsen, Shari	4,079
MacNeil, Susan	2,722	Onalik, Janet	4,477
MacPherson, Craig	2,500	Ootoowak, Philipoa	1,873
Magnusson, Rachel	964	O'Reilly, James	2,472
Maher, Patrick	2,451	O'Rourke, Rochelle	2,911
Machmer, Olassie	9,804	O'Rourke, Sharon	1,679
Magnusson, Rachel	3,829	Osted, Poul	3,164
Main, Jimmy	1,714	O'Toole, Colleen	1,146
Malmsten, Joseph	2,350	Pace, Elizabeth	3,919
Mandeville, Wendy	3,255	Palluq-Atagoyuk, Jeela	1,015

Schedule of Bad Debt Write-offs, Forgiveness and Student Loan Remissions

Continued

for the year ended March 31, 1999

STUDENT LOAN REMISSIONS (continued)

Panipakoocho, Ely	3,120	Steinke, Troy	1,266
Pascal, Olive	3,882	Stelkic, Dragica	2,600
Paulette, Lesley	552	Stephen, Susan	656
Pelechaty, David	2,546	St. Jean, Janne	2,796
Peterson, Amanda	3,309	Stokes, Brenda	2,480
Peterson, Chad	3,766	Strader, Marika	1,882
Petrie, Gordon	1,590	Straker, Benji	1,600
Philip, Pauline	2,393	Tait, Christopher	767
Phillpot, Darha	1,837	Takolik, Sarah	4,255
Pollock, Michael	3,156	Tames, Gladys	2,600
Porter, Agnes	2,041	Tardiff, Doreen	836
Posynick, Zoe	2,103	Tautenhahn, Gary	1,832
Price, George	1,546	Taylor, Luke	2,840
Pruden, Gregory	2,791	Taylor, Travis	1,000
Pryzyk, Jonathan	3,200	Teal, Tiffany	2,600
Qamanirq, Audrey	6,205	Tessier, Joselyn	1,057
Qamanirq, Susan	3,993	Thompson, Terry	1,500
Qappik, Mary	1,980	Thai, Tuan	4,332
Qaqasiq, Pia	3,219	Thody, Lyall	1,529
Qaqqaq, Sarah	2,090	Thody, Pamela	2,280
Quassa, Joanna	3,727	Thrasher, Ida	7,500
Quiring, Annette	3,038	Tolley, Charles	1,799
Qulaut, Patricia	2,372	Tordoff, Rodney	2,582
Rabesca, Alice	2,796	Tricoteux, Andre	5,054
Ramsay, David	551	Trinh, Ngan	1,008
Rapley, Patricia	2,157	Tucktoo, Selena	2,727
Reddy, Michael	2,275	Tufts, Alexander	4,132
Rennie, John	3,038	Tulugarjuk, Susan	2,735
Ridgely, Melanie	3,574	Turner, David	3,997
Rieger, Chrystal	1,947	Turner, Yetta	3,100
Robertson, Dean	2,407	Turvey, Amanda	2,808
Robinson, Craig	3,427	Tutton, Wayne	2,521
Rogers, Lena	3,738	Tweed, Jennifer	3,082
Romie, Diane	7,956	Ullikatar, Tony	6,549
Rossignol, Kim	1,604	Ungalaq, Mary	2,197
Sallerina, Joanni	3,738	Uyarak, Louise	2,692
Samms, Adam	2,181	Vail, Roger	1,689
Sanguin, Kevin	2,016	Vanderagen, Caralene	1,981
Saviouskis, Robert	1,730	Van Metre, Kimberly	2,140
Schauerte, Gary	2,821	Vanonen, Robert	3,090
Schultz, Dana	2,099	Varelas, Xaralabos	2,038
Scott, Kelsey	3,661	Varkonyi, Nini	1,008
Scott, Tania	1,566	Veerman, Chris	1,714
Sebastian, Carla	1,123	Versteeg, Lisa	1,343
Semple, Annie	1,413	Versteeg, Stephen	3,200
Sever, David	1,566	Villeneuve, Joyce	4,153
Shepherd, Lori	1,673	Waddell, Randy	2,433
Sherburne, Stephen	2,715	Walker, Valoree	3,645
Shirley, James	4,071	Wasylikiw, Tasha	1,923
Shott, Kevin	3,290	Wasylycia, Marianne	579
Simpson, Kim	1,156	Watier, Elizabeth	3,755
Simpson, Melanie	4,000	Webster, Allister	3,911
Slifka, Cara	2,340	West, Nicholas	849
Smith, Adam	3,200	Westcott, David	1,115
Smith, Clayton	2,873	Wheeler, Pamela	3,200
Smith, David Bruce	1,500	White, Jennifer	1,600
Smith, Ed	3,439	White, Thomas	3,464
Smith, Jana	1,865	Wick, Janis	1,845
Smith, Ronald	1,648	Williams, Bethan	2,751
Solowy, Loretta	1,929	Williams, Martha	783
Sorensen, Meeka	766	Willier, April	2,546
Speight, Beverly	2,735	Wilson, Debra	711
Speight, Gary	1,050	Winsor, Phil	4,800
Spence, Matthew	4,606	Wood, Stacey	1,258
Stang, Joy	1,420		

Schedule of Bad Debt Write-offs, Forgiveness and Student Loan Remissions

for the year ended March 31, 1999

STUDENT LOAN REMISSIONS (continued)

Woodburn, Thomas	2,099
Zoe-Chocolate, Mary	<u>3,099</u>
Total Loan Remissions over \$500	1,348,744
Miscellaneous Remissions under \$500.	<u>6,305</u>
Total Loan Remissions	<u>\$ 1,355,049</u>

REVERSAL OF PREVIOUS LOAN REMISSIONS

Edwards, Gladis	\$ (1,898)
Heath, Robert	(1,038)
Total	<u>\$ (2,936)</u>

STUDENT LOANS REMITTED ON DEBTS DUE TO
DEATH, BANKRUPTCY, OR NEGOTIATED SETTLEMENT
(may include interest)

Adams, Joshua	\$ 4,800
Batchelor, Grant	7,600
Bisaro, Michelle	22,921
Currie, Cory	3,562
Hammond, Crystal	12,351
Lappin, Dawn Marie	27,100
LeBlanc, Bernard	1,526
Maduke, John	15,211
McLeod, Laurier	13,273
Mihaylov, Ivan	17,406
Partington, Jocelyn	17,162
Rivalin, Clint	3,850
Scholtz, Margaret-Ann (Hooker)	4,128
Steed, Westly	7,687
Thompson, Darcy	5,276
Todd, Ian	<u>9,678</u>
Total	<u>\$ 173,531</u>

STUDENT LOANS REMITTED ON DEBTS PREVIOUSLY WRITTEN OFF DUE TO
DEATH, BANKRUPTCY, OR NEGOTIATED SETTLEMENT
(may include interest)

Akhiatak, Debra	\$ 7,581
Blondin, Georgina	12,500
Demaine, Shawn	4,800
Gustaw, Karl	22,080
Hamer, Wade	3,200
Hryniuk, Randy	4,800
MacLean, Andrew	2,850
Martel, James	2,784
Oldfield, Harold (Harvey)	5,200
Pitts, William Lee	3,420
Solowy, Kevin	6,400
Sorenson, Jason John	9,060
Steed, Tracy	<u>3,200</u>
Total	<u>\$ 87,875</u>

Schedule of Inventory Write-offs and Deletions over \$500

for the year ended March 31, 1999

Granular Material

\$ 941,403

Schedule of Recoveries of Debts Previously Written Off

for the year ended March 31, 1999

Legislative Assembly

Fraser, Peter	\$ 5,816
	<u>5,816</u>

Finance

Aklavik Alcohol Action Committee	131
Arreak, David	13
Davidee, Simeonie	25
De Fabritiis, Guisep	39
Nowdlak, Jeanne	<u>48</u>
	<u>256</u>

Municipal and Community Affairs

Angutiqjuaq, David	250
Beaulieu, Archie	400
Camsell, Ernie	135
Charlo, Charlie Estate of	1,250
Gardebois, Clarence	7
Gaudet, Wayne	50
Omatok, Mathilda	135
Parr, Nuna	286
Sanderson, Barry Bob	212
Taylor, Robert L.	20
Wetrade, Rosalie	250
Yakelya, Carl	<u>289</u>
	<u>3,284</u>

Public Works and Services

Appaq, Moses Jr.	175
Emikotailuk, Simeoni	641
Enterprise Esso	35
Evaglok, Colin	524
Ford, Norman Jr.	2,340
Fraser, Ellen	767
Gruben, Eileen	6
Kittosuk, Lucassie	2,071
Kipling, James	28
Komok, Paul	39
Kudluaruk, Charlie	139
Kudluarok, Mary	21
Kudluarok, Thomassie	154
Kunnuk, Leonie	40
Novalinga, Zacharias	180
Parr, Jolly	120
Yakeleya, Carl	<u>134</u>
	<u>7,414</u>

Health and Social Services

Aklavik Alcohol Action	13,432
Beaulieu, Ernest	100
Bourke, Donald	29
Collinson, Edward	163
Desnoime, Richard	4
Duchesne, Maryanne	300
Firth, Christine	100
Harris, Alan J.	53
Hessdorfer, Irene	257
Kakfwi, Bonnie	100
Lancaster, Sherry	100
Langlois, Guy	100
MacDonald, Jay	100
Masuzumi, Joseph	15
Morton, Wendy	50
Sanderson, Barry	50
Schab, Roy	268

Health and Social Services (continued)

Shanahan, Margaret	92
Thomas, Craig	50
Wedzin, Alfred	<u>61</u>
	<u>15,424</u>

Justice

Abel, Edward	100
Bertrand, Eric J.	2
Carmichael, Florence	399
Deneyoua, Dennis	47
Donovan, Kelly E.	92
Doyle, Pat	14
Duchesne, Maryanne	300
Hala, Michael	72
Hope, Thomas W.	30
Lafferty, Edna	166
Marsman, Barry E.	427
McNeely, Charles	100
Nitsiza, Frank J.	690
Norn, Louis H.	32
Punch, Frederick J.	483
Ranger, Pierre	80
Tallah Developments	100
Weston, Don	<u>100</u>
	<u>3,234</u>

Education, Culture and Employment

Abel, Tina	50
Alooloo, Sarah	300
Attagutlukutuk, Rebecca	29
Avaligak, John	259
Barry, Jennifer Lynn	532
Blake, Herbert	52
Daniels, Kevin	450
Deneyoua, Dennis J.	1,620
Dunford, Gary	4,200
Dyck, Carol Ann	1,250
Evans, Patricia	235
Francois, Stella	25
Fraser, Dawn Melissa	395
Goose, Beatrice	101
Hess, Joe	556
Keyootak, Jassie	67
Kilabuk, Noah	260
Kudluk, Liveena Susanna	1,144
Kunnuk, Leonie	1,219
Lafferty, Lori J.	2,136
Leblue, Bruce Edward	37
Loreen, Evelyn	94
Martin, Camilla	153
McDonald, Wayne	15
Michel, Diane G.	30
Moore, Rosalyn	101
Oshutsiak, Aipilie	350
Owljoot, Tommy	250
Owljoot-Gibbons, Rachel	913
Palvialok, William	400
Peryouar, William	1,302
Piugattuk, Catherine	2,020
Qaunaq, Anna	1,567
Rodh, Amy	500
T'Seleic, Bella	1,161
Tapardjuk, Louis Junior	350
Unka, Cheryl Lynn	553

Government of the Northwest Territories

Schedule 12
Continued

Schedule of Recoveries of Debts Previously Written Off

for the year ended March 31, 1999

Education, Culture and Employment (continued)

Wahshee, James Jason	250
Wedzin, Alfred	29
Williams, Andrew D.	47
Yakalaya, Valerie	179
Zoe, Irene	14
	<u>25,195</u>

Transportation

Saab Aircraft Division	5
Ekenale, Alma	1,473
N&MD Investment Co.	39
	<u>1,517</u>

Resources, Wildlife and Economic Development

Alfred, Emile	15
Beaulieu, Rocky	87
Beaulieu, Wilfred	2
Bourke, Donald	21
Demetre, Louisa	126
Dragon, Brian	61
Ford, Norman Jr.	4,869
Francis, Edwin	39
Kakkianium, George	25
Levasseur, Serge	28
Mantla, Helen	47
Nakoalak, Willie	11
Norn, Kenny	133
Pudloo, Melia	54
Ruben, Marcus	540
Ugyuk, Nauqaq	139
Ulayok, Louis	8
Ulurksit, Joe	31
Vittrekwa, Joe	179
Whane, Louis	41
Yakeleya, Carl	262
	<u>6,718</u>

Total Debts Recovered

\$ 68,858

Schedule of Overdue Travel Advances

as at March 31, 1999

Overdue travel advances represent travel advances which have not been accounted for by an expense claim within 10 working days of the return date given on the travel authorization.

Municipal and Community Affairs

McQueen, Scott	\$ 900
	<u>900</u>

Public Works and Services

Dewar, John	3,300
Gordon, Tommy	240
Naukatsik, Robert	<u>150</u>
	<u>3,690</u>

Justice

Kusugak, Sally	<u>130</u>
	<u>130</u>

Education, Culture and Employment

Lepine, Jason E.	300
Painchaud, Lionel	<u>200</u>
	<u>500</u>

Resources, Wildlife and Economic Development

Aliqatuqtuq, Jason Moses	536
Ekootak, Mark Karl	150
Hicks, Jack	600
Isiah, Mary	350
Kuliktana, Simon	<u>130</u>
	<u>1,766</u>

Total Overdue Travel Advances	\$ <u>6,986</u>
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Schedule of Lease Commitments

for the year ended March 31, 1999
(thousands of dollars)

		2000	2001	2002	2003	2004	2005-2018	Total
Yellowknife	Commercial Residential	\$ 6,123	\$ 5,368	\$ 4,269	\$ 3,974	\$ 3,964	\$ 20,340	\$ 44,038
		301	279	279	279	279	1,409	2,826
		6,424	5,647	4,548	4,253	4,243	21,749	46,864
Fort Smith	Commercial Residential	1,071	1,045	913	606	511	4,867	9,013
		-	-	-	-	-	-	-
		1,071	1,045	913	606	511	4,867	9,013
Inuvik	Commercial Residential	921	728	665	531	477	2,915	6,237
		410	410	410	410	410	3,882	5,932
		1,331	1,138	1,075	941	887	6,797	12,169
Baffin	Commercial Residential	574	505	227	129	48	276	1,759
		3,094	3,093	2,750	1,777	1,777	12,435	24,926
		3,668	3,598	2,977	1,906	1,825	12,711	26,685
Keewatin	Commercial Residential	769	765	702	418	330	3,643	6,627
		3,183	3,151	3,040	2,894	2,774	16,390	31,432
		3,952	3,916	3,742	3,312	3,104	20,033	38,059
Kitikmeot	Commercial Residential	931	924	870	870	870	1,947	6,412
		953	926	883	840	840	3,180	7,622
		1,884	1,850	1,753	1,710	1,710	5,127	14,034
		\$ 18,330	\$ 17,194	\$ 15,008	\$ 12,728	\$ 12,280	\$ 71,284	\$ 146,824

Schedule of Guarantees and Indemnities

for the year ended March 31, 1999
(thousands of dollars)

	1999	1998
Loans payable by the Northwest Territories Housing Corporation to Canada Mortgage and Housing Corporation and Canada	\$ 87,000	\$ 88,400
Sinking fund debentures issued by the Northwest Territories Power Corporation		
a) maturing March 9, 2009	20,000	20,000
b) maturing June 6, 2011	15,000	15,000
c) maturing May 28, 2012	20,000	20,000
d) maturing May 12, 2014	20,000	20,000
e) maturing October 27, 2018	10,000	-
f) maturing February 27, 2026	20,000	20,000
Debenture series issued by the Northwest Territories Power Corporation		
a) maturing May 1, 2025	7,779	7,838
b) maturing October 1, 2025	7,797	7,856
c) maturing September 1, 2026	8,823	8,893
	\$ 216,399	\$ 207,987

Schedule of Projects for Canada and Others - Expenditures Recovered

for the year ended March 31, 1999

Legislative Assembly

Electoral Boundaries	\$ 115,108
Nunavut First Election	649,315
French Language Services	8,342
	772,765

Executive

Executive Offices

French Language Services	4,405
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Ministry of Aboriginal Affairs

Nunavut Land Claim Implementation	203,842
Gwich'in Land Claim Implementation	84,103
Employees on Secondment	346,874
Sahtu Land Claim Implementation	75,101
Inuvialuit Land Claim Implementation	100,854

810,774

Financial Management Board Secretariat

PeopleSoft Polar Project	1,239,745
French Language Services	2,015
Nunavut / OIC Secondments	9,385,432

10,627,192**11,442,371**

Finance

Children's Health Survey	344,000
French Languages Services	6,000

350,000

Municipal and Community Affairs

Nunavut Territory Incremental Costs	15,998,000
Nunavut Land Claim Implementation	1,152,656
Canadian Rural Partnership	115,500
Employees on Secondment	114,280
Recovery Sand & Gravel Royalties	37,023
Search and Rescue Education	90,750
French Languages Services	5,297
Gwich'in Land Claim Implementation	5,490
Sahtu Land Claim Implementation	4,934
Hall Beach Water Supply Improvements	1,071,997

18,595,927

Government of the Northwest TerritoriesSchedule 16
(Continued)**Schedule of Projects for Canada and Others - Expenditures Recovered****for the year ended March 31, 1999****Public Works and Services**

Accommodation Services, Building and Vehicle Maintenance, and Utilities for Aurora and Nunavut Arctic College	1,113,414
Divisional Education Councils	435,540
Employees on Secondment	57,355
French Languages Services	46,486
Inuvik regional Hospital	205,809
Baffin Regional Hospital	206,139

2,064,743**Health and Social Services**

The Brighter Futures Program	6,497,375
Pre-natal Nutrition Program	739,115
Northern Native Alcohol and Drug Addiction Program	518,738
Health Centres and Hospitals	226,000
Lands and Building Agreement	2,082
French Language Services	45,493
Training for Medical Interpreting	36,778
Keewatin Non-Insured Dental	1,002,115

9,067,696**Justice**

French Language Services	452,244
Statue Revision	146,929
TFN Implementation	241,050
Estates Clerk	73,700
CSG Implementation	30,000
Maintenance Enforcement	54,229
Lawyer for the NWT Housing Corporation	50,000
Sahtu Implementation	22,646
Law Foundation	25,000
Public Legal Education	9,795
Gwich'in Implementation	7,740
Law Society	20,000
Court Administration	60,000
Nunavut File Work	74,000

1,267,333**Transportation**

Community Aerodrome Radio Services	5,039,057
Coast Guard Facilities Maintenance Services	422,385
Road Maintenance	67,459
NavCan Occupancy Agreement	15,000
Small Boating Awareness Program	200,000
National Safety Code Funding Agreement	128,985
Right of Way Clean Up	25,000
Cambridge Bay Chipseal Project	100,800
French Language Services	15,341
Hay River Corridor	5,714

6,019,741

Government of the Northwest Territories

Schedule 16

Schedule of Projects for Canada and Others - Expenditures Recovered

(Continued)

for the year ended March 31, 1999

Education, Culture and Employment

Heritage Canada - French Funding	883,140
Nunavut Human Resource Development Strategy	7,005,889
Canada / NWT Co-operation Agreement	3,707,744
Alain St. Cyr	1,994,384
University and College Entrance Program	474,018
SAIP Program	32,500
Sahtu Agreement	24,613
Museum Exhibit Upgrading	88,354
Conservation Assistant	10,000
Archives Conservation Project	19,487
Archives Backlog	18,718
Collection Management	685
Gwich'in Agreement	3,894
WIN Program	34,149
Labour Market Development Program	1,932,102
Literacy	5,779
Archaeology	4,221
Inuit Employment Plan	25,552

16,265,229

Resources, Wildlife and Economic Development

Employees on Secondment	220,829
Inuvialuit Land Claim Implementation	3,084,967
Nunavut Land Claim Implementation	473,537
Nunavut Wildlife Management Board Projects	294,203
West Kitikmeot Slave Study Projects	428,600
Sahtu Land Claim Implementation	230,438
Gwich'in Land Claim Implementation	127,380
AES Community Based Monitoring	78,000
Protected Areas - GIS	25,000
Bison Control Program	17,111
Waterfowl Banding Program	23,289
White fronted Goose Banding Program	17,195
Aboriginal Languages	7,500
Gwich'in Renewable Resources Board Grizzly Bear Project	4,000
French Language Services	5,838
Tundra Science Camp	3,500
Walker Bay Science Camp	18,400
WWF Davis Strait Polar Bear	5,000

5,064,787

S 70,910,592

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SECTION III
SUPPLEMENTARY FINANCIAL STATEMENTS

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Aurora College

Financial Statements

**for the year ended
June 30, 1999**

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AURORA COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Aurora College ("the College") and all information in this annual report are the responsibility of the College's management and have been reviewed by the Board of Governors. The financial statements have been prepared in accordance with generally accepted accounting principles. Management's best estimates and judgements have been used in the preparation of these statements, where appropriate. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained. These controls and practices ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and the adherence to the College's policies and statutory requirements.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control and exercises this responsibility through the Finance Committee of the Board, which is composed of a majority of Members who are not employees of the College. The Finance Committee meets regularly with management and the external auditors have full and free access to the Finance Committee.

The College's external auditor, the Auditor General of Canada, audits the financial statements and issues his report thereon to the Minister of Education, Culture and Employment.

Maurice Evans
President

Edith Weber
Bursar/Chief Financial Officer

Fort Smith, Canada
August 27, 1999

AUDITOR'S REPORT

To the Minister of Education, Culture and Employment
Government of the Northwest Territories

I have audited the balance sheet of the Aurora College as at June 30, 1999 and the statements of operations and equity, and cash flows for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an audit opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the College as at June 30, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied, after giving retroactive effect to the change in the method of accounting for government contributions for depreciable capital assets as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the College and the financial statements are in agreement therewith and the transactions of the College that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Public Colleges Act* and regulations and by-laws of the College.

Donald M. Young, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
August 27, 1999

AURORA COLLEGE

BALANCE SHEET
as at June 30, 1999
(thousands of dollars)

	<u>1999</u>	<u>1998</u> (Restated Note 3)
<u>ASSETS</u>		
Current assets		
Cash	\$ 661	\$ 705
Accounts receivable (Note 4)	2,387	1,720
Prepaid expenses	42	159
	<u>3,090</u>	<u>2,584</u>
Capital assets (Note 5)	<u>2,816</u>	<u>3,238</u>
	<u>\$ 5,906</u>	<u>\$ 5,822</u>
<u>LIABILITIES</u>		
Accounts payable and accrued liabilities	\$ 1,112	\$ 1,384
Employee leave liability	828	666
Due to the Government of the Northwest Territories	446	939
Deferred revenue	122	7
Deferred capital contributions	77	128
Professional development fund (Note 6)	168	189
Employee termination benefits	1,009	847
	<u>3,762</u>	<u>4,160</u>
<u>EQUITY</u>		
Equity (Note 7)	<u>2,144</u>	<u>1,662</u>
	<u>\$ 5,906</u>	<u>\$ 5,822</u>

The accompanying notes are an integral part of the financial statements.

Approved by the Board:

Approved by Management:

Danny Yakeleya
Chairperson of the Board

Maurice Evans
President

Earl Jacobson
Chairperson of the Finance Committee

Edith Weber
Bursar/Chief Financial Officer

AURORA COLLEGE

STATEMENT OF OPERATIONS AND EQUITY
for the year ended June 30, 1999
(thousands of dollars)

	<u>1999</u>	<u>1998</u> (Restated Note 3)
<u>REVENUE</u>		
Government contributions	\$ 20,248	\$ 18,163
Project Income	4,408	5,068
Tuition fees	1,099	984
Room and board	576	548
Investment income	110	91
Other	<u>735</u>	<u>244</u>
TOTAL REVENUE	<u>27,176</u>	<u>25,098</u>
<u>EXPENSES</u>		
Salaries, wages and benefits	14,469	12,561
Contract services	5,623	5,887
Materials and supplies	1,845	2,043
Utilities	1,723	1,919
Fees and payments	1,164	600
Travel and accommodation	915	972
Communication, postage and freight	509	589
Amortization	<u>446</u>	<u>400</u>
TOTAL EXPENSES	<u>26,694</u>	<u>24,971</u>
NET SURPLUS	482	127
EQUITY AT BEGINNING OF YEAR	<u>1,662</u>	<u>1,535</u>
EQUITY AT END OF YEAR	<u>\$ 2,144</u>	<u>\$ 1,662</u>

The accompanying notes are an integral part of the financial statements.

AURORA COLLEGE

CASH FLOW STATEMENT for the year ended June 30, 1999 (thousands of dollars)

	<u>1999</u>	<u>1998</u> (Restated Note 3)
Cash flows from operating activities		
Net surplus	\$ 482	\$ 127
Non-Cash transactions:		
Gain on disposal of mobile equipment	(46)	-
Amortization of deferred capital contribution	(51)	(33)
Employee leave benefits	162	10
Employee termination benefits	162	(52)
Amortization	446	400
	<u>1,155</u>	<u>452</u>
Changes for non-cash working capital		
Increase in accounts receivable	(667)	(681)
Decrease in prepaid expenses	117	3
Increase (decrease) in accounts payable	(272)	505
Increase (decrease) in amount due to the Government of the Northwest Territories	(493)	431
Decrease in Professional Development Fund	(21)	(67)
Increase (decrease) in deferred revenue	115	(52)
	<u>(1,221)</u>	<u>139</u>
Cash generated from (applied to) operating activities	<u>(66)</u>	<u>591</u>
Cash flows from financing activities		
Capital asset contributions	<u>-</u>	<u>100</u>
Cash flows from investing activities		
Proceeds from sale of equipment	69	-
Acquisition of capital assets	(47)	(2,627)
Cash generated from (applied to) investing activities	<u>22</u>	<u>(2,627)</u>
Net increase (decrease) in cash	(44)	(1,936)
Cash at beginning of year	<u>705</u>	<u>2,641</u>
Cash at end of year	<u>\$ 661</u>	<u>\$ 705</u>

The accompanying notes are an integral part of the financial statements.

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1999

1. AUTHORITY AND MANDATE

The Aurora College operates under the authority of the Public Colleges Act. The College is a Schedule B Public Agency as listed in the Financial Administration Act.

Under a contribution agreement with the Government of the Northwest Territories (GNWT) dated January 25, 1995, the College receives contributions for its operations and capital requirements for the administration and delivery of its adult and post-secondary education programs. Under the terms of this agreement, the College is allowed to retain all surpluses and is responsible for all deficits.

Aurora College is a multi-campus institution designed to provide a wide variety of educational services to adult learners of the Northwest Territories. The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities in the western Northwest Territories. Through the work of the Aurora Research Institute, the College is also responsible for the facilitation and preparation of research activity in the region.

The College is exempt under Section 149 of the Income Tax Act from payment of income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles. A summary of significant accounting policies follows:

a) Capital assets

Capital assets transferred to the College from the former Arctic College and the Science Institute of the Northwest Territories, effective January 1, 1995, were recorded at the fair market value at that date, determined as the original cost less accumulated amortization, or estimated market value. Subsequent acquisitions are recorded at cost. Capital assets are amortized over their estimated remaining lives on a straight-line basis at the following annual rates:

Furniture and equipment	20 - 40%
Mobile equipment	10 - 33.33%
Leasehold improvements	10 - 33.33%
Building additions and renovations	5%

b) Deferred revenue

Deferred revenue represents payments received under contract for which the development and delivery of programs has not been completed. These amounts are recorded in income as obligations are fulfilled.

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1999

c) Employee termination benefits

On termination of employment, employees are entitled to benefits provided for under their terms of employment. The liability for these benefits is recorded as the benefits accrue to the employees.

d) Government Contributions

Contributions from the Government of the Northwest Territories are the amounts set out in the Government's Main Estimates, as adjusted by supplementary appropriations, and represent the majority of the funding for the College to cover its expenditures. Contributions for operating expenses are recognized on the statement of operations and equity in the College's fiscal year for which it is approved. Contributions for depreciable capital assets are deferred and amortized on the same basis and in the same periods as the underlying capital assets.

e) Project Income

The College provides education and research services to outside parties through contractual arrangements. Project income is deferred and recognized in the year in which the related expenses are recognized.

f) Investment income

The College earns investment income through an agreement whereby the Government of the Northwest Territories invests the College's available cash balances. The nature of this agreement is such that the College is not exposed to any credit risk or potential for loss of capital. Investment income is recorded in the year it is earned.

g) Contract services

Contract services are acquired by the College through contractual arrangements. They include printing services, advertising, building and equipment repairs, software development, curriculum development, food service contracts, janitorial contracts, instruction contracts, leases and rental agreements. These amounts are charged as an expense in the year the service is used.

h) Pension plan

Employees of the College participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the College contribute equally to the cost of the plan. The College's contributions are charged as an expenditure on a current year basis, and represent the total pension obligations of the College. The College is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1999

3. CHANGE IN ACCOUNTING POLICY

Prior to 1999, contributions received from the Government of the Northwest Territories, for depreciable capital assets, were recorded as revenue in the period the related capital assets were purchased. Contributions for depreciable capital assets are now recorded as deferred capital contributions on the Balance Sheet and are amortized on the same basis and over the same periods as the related capital assets. The effect of this change in accounting policy, which has been applied retroactively, is a decrease in equity and an increase in deferred capital contributions on the Balance Sheet of \$77,000 (1998 - \$128,000), and an increase in the net surplus for the year of \$50,000 (1998 - no effect).

4. ACCOUNTS RECEIVABLE

	(thousands of dollars)		1999	1998
	Accounts Receivable	Allowance	Net	Net
Government contributions	\$1,362	-	\$1,362	\$ 636
Project income				
- GNWT	457	2	455	472
- Other	523	68	455	465
Students	284	181	103	129
Advances	12	-	12	18
	<u>\$2,638</u>	<u>\$ 251</u>	<u>\$ 2,387</u>	<u>\$ 1,720</u>

All receivables are currently due and the fair value of these receivables approximates their carrying value.

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999

5. CAPITAL ASSETS

	(thousands of dollars)		<u>1999</u>	<u>1998</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 506	\$ 405	\$ 101	\$ 191
Mobile equipment	1,112	723	389	562
Leasehold improvements	700	216	484	544
Building additions and renovations	1,991	149	1,842	1,941
	<u>\$ 4,309</u>	<u>\$ 1,493</u>	<u>\$2,816</u>	<u>\$3,238</u>

6. PROFESSIONAL DEVELOPMENT FUND

The amount represents funds for professional development to be provided to instructors under collective bargaining agreements. Under these agreements, the College is required annually to make available a specific amount of funding, against which approved professional development expenses are charged. The balance represents the cumulative unspent amount available for professional development.

7. EQUITY

The equity balance includes the book value of capital assets transferred from the former Arctic College and Science Institute of the Northwest territories and capital assets contributed by the Government of the Northwest Territories as of January 1, 1995 and the results of operations since that date. The following appropriations have been made from equity:

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1999

(thousands of dollars)

<u>Appropriated equity:</u>	<u>Balance, opening</u>	<u>Net surplus</u>	<u>Appropriated</u>	<u>Used</u>	<u>Balance, ending</u>
a) Program delivery	\$ 117	\$ -	\$ -	\$ -	\$ 117
b) Research & development	46	-	8	-	54
c) HEO Replacement & Maintenance	126	-	1	-	127
d) Donations	15	-	-	(5)	10
<u>Unappropriated equity:</u>	<u>1,358</u>	<u>482</u>	<u>(9)</u>	<u>5</u>	<u>1,836</u>
Total equity	<u>\$1,662</u>	<u>\$ 482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$2,144</u>

a) Appropriated for Program Delivery

This appropriation was established in 1997-98 to be applied to program costs contemplated in the annual Programs and Services Proposal prepared by the College, for which funding has not been approved by the Department of Education, Culture and Employment. Allocations to and from this appropriation must be approved by the Board of Governors, upon review of a submission from management.

b) Appropriated for Research & Development

This appropriation was established in 1995-96 to help fund future research and development under both the Research Associate and the Research Fellowship programs at the Aurora Research Institute (ARI). All unencumbered administration revenue that is earned through the fulfillment of third party contracts in any given year at the ARI is transferred to this account.

c) Appropriated for HEO Replacement & Maintenance

This appropriation was established in 1996-97 to help fund ongoing replacement and maintenance of the heavy equipment used in delivering the Heavy Equipment Operator program (HEO). The Board of Governors must approve the replenishment and use of the reserve, which is funded by equipment rental fees charged to third party contractors when delivering HEO courses.

d) Appropriated for Donations

From time to time, the College receives donations from individuals and corporations with conditions attached to them. In order to ensure that the wishes of the contributors are carried out, the donations are appropriated from equity.

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1999

8. RELATED PARTIES

The College is related in terms of common ownership to all Government of the Northwest Territories (GNWT) created departments, agencies and Crown corporations. Under the transfer policy of the GNWT, certain support services are provided to the College by various government departments. The College enters into transactions with these entities in the normal course of business at the same rates and terms as those with similar unrelated parties.

The College is required to reimburse the Department of Public Works and Services (PWS) for the actual utility and operating costs of the facilities that the College uses in its activities. The Financial Management Board Secretariat (FMBS) is reimbursed for the actual employee benefits of the College's employees. The Department of Education, Culture and Employment (ECE) provides base operating contributions, capital contributions and project income to the College. Other GNWT departments also provide project income to the College. Transactions with departments not disclosed elsewhere in the financial statements are as follows:

	Expenses charged by service departments during the year		Project income charged to departments during the year	
	(thousands of dollars)			
	1999	1998	1999	1998
PWS	\$ 890	\$1,745	\$ -	\$ -
FMBS	105	136	-	-
ECE	-	-	1,551	2,207
Other departments	295	118	1,271	1,292
	\$1,290	\$1,999	\$2,822	\$3,499

9. SERVICES PROVIDED WITHOUT CHARGE

The College receives the following services without charge from various GNWT departments:

- payroll processing from the FMBS;
- insurance and risk management from the Department of Finance;
- legal counsel from the Department of Justice;
- construction management, records storage, computer operations, asset disposal and project management from the PWS; and,
- translation services from the ECE.

AURORA COLLEGE

NOTES TO THE FINANCIAL STATEMENTS

June 30, 1999

These services, if the departments charged for them, would have cost the College an estimated \$603,000 in fiscal year 1998-99.

The College also receives from the GNWT, without any rental charges, the use of facilities for two campuses, student housing units and community learning centres.

10. COMMITMENTS

The College has leases and service agreements for student accommodation, classroom space, office equipment and other services and is committed to basic payments as follows:

	(thousands of dollars)
2000	\$ 1,757
2001	1,712
2002	1,642
2003	1,612
2004	1,592
thereafter	5,167
	<u>\$ 13,482</u>

11. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the entity, including those related to the efforts of the Government of the Northwest Territories, customers, suppliers, or other third parties will be fully resolved.

12. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

**Northwest Territories
Business Credit Corporation**

Financial Statements

**for the year ended
March 31, 1999**

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NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Northwest Territories Business Credit Corporation were prepared by management in accordance with generally accepted accounting principles. When alternative accounting policies exist, management has chosen those it deems most appropriate in the circumstances. Financial statements include amounts requiring estimates, which have been made based upon informed judgment as to the expected results of current transactions and events. Management has prepared the financial information presented elsewhere in this annual report and has ensured that it is consistent with the financial statements.

The Corporation maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, and that assets are acquired prudently, used to further the Corporation's aims, and are protected from loss.

The Corporation is subject to the Northwest Territories Business Credit Corporation Act and the Financial Administration Act. It also receives ministerial directives establishing policy guidelines. Management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable legislation and for maintaining standards of conduct that are appropriate to a territorial Crown corporation.

The Board of Directors appoints certain of its members to serve on the Management Sub-Committee. This Sub-Committee oversees management's responsibility for financial reporting and reviews and recommends the financial statements to the Board for approval.

The Auditor General of Canada annually provides an independent audit for the purpose of expressing his opinion on the financial statements. He also considers whether the transactions that come to his notice in the course of this audit are, in all significant aspects, in accordance with the specified legislation.

Afzal Currimbhoy,
Chief Executive Officer.

June 4, 1999

AUDITOR'S REPORT

To the Minister of the
Northwest Territories Business Credit Corporation

I have audited the balance sheet of the Northwest Territories Business Credit Corporation as at March 31, 1999 and the statements of operations and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation, and the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Northwest Territories Business Credit Corporation Act* and regulations and the by-laws of the Corporation.

Donald M. Young, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 4, 1999

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

BALANCE SHEET MARCH 31, 1999

	<u>\$ 000's</u>	
ASSETS	<u>1999</u>	<u>1998</u>
Cash (Note 3)	\$ 17	\$ 139
Loans Receivable (Note 4)	34,224	30,999
Accrued Interest Receivable (Note 4)	276	326
	<u>34,500</u>	<u>31,325</u>
Less: Allowance for Losses on Impaired Loans (Note 5)	5,082	5,080
	<u>29,418</u>	<u>26,245</u>
Accounts Receivable	-	122
Capital Assets (net of accumulated amortization of \$38 (1998: \$36))	<u>10</u>	<u>10</u>
	<u><u>\$ 29,445</u></u>	<u><u>\$ 26,516</u></u>
LIABILITIES		
Accounts Payable	\$ -	\$ 122
Deferred Capital Contribution	10	10
Advance from the Government of the Northwest Territories (Note 6)	<u>31,373</u>	<u>28,287</u>
	31,383	28,419
DEFICIT		
Deficit	<u>(1,938)</u>	<u>(1,903)</u>
	<u><u>\$ 29,445</u></u>	<u><u>\$ 26,516</u></u>

CONTINGENT LIABILITIES (NOTE 7)

APPROVED:

Kimberly Staples
Chairperson of the Board of Directors

Afzal Currimbhoy
Chief Executive Officer

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

**STATEMENT OF OPERATIONS AND DEFICIT
For the Year Ended March 31, 1999**

	<u>\$ 000's</u>	
	<u>1999</u>	<u>1998</u>
LENDING ACTIVITIES		
Interest Income on Loans Receivable	\$ 1,959	\$ 1,823
Interest Expense on Advance from the Government of the Northwest Territories (Note 6)	<u>1,520</u>	<u>1,299</u>
Net Interest Income	439	524
 Provision for Losses on Impaired Loans (Note 5)	<u>474</u>	<u>377</u>
 Net (Loss) Income on Lending Activities	<u>(35)</u>	<u>147</u>
 ADMINISTRATIVE EXPENSES		
Salaries and Benefits	493	427
Professional Fees & Legal Claims	60	179
Board Meetings	53	68
Office	43	50
Computer Services	34	33
Communications	23	17
Amortization	<u>7</u>	<u>11</u>
	<u>713</u>	<u>785</u>
 Net (Loss) before Government Contribution	(748)	(638)
 Less: Administrative Contribution - Government of the Northwest Territories	<u>713</u>	<u>785</u>
 NET (LOSS) INCOME FOR THE YEAR	(35)	147
 DEFICIT AT THE BEGINNING OF THE YEAR	<u>(1,903)</u>	<u>(2,050)</u>
 DEFICIT AT THE END OF THE YEAR	<u><u>\$ (1,938)</u></u>	<u><u>\$ (1,903)</u></u>

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

STATEMENT OF CASH FLOWS For the Year Ended March 31, 1999

	<u>\$ 000's</u>	
	<u>1999</u>	<u>1998</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest Income on Loans Receivable	\$ 1,981	\$ 1,783
Administrative Contribution Received	836	663
Administrative Expenses Paid	(829)	(653)
Interest Received on Bank Account	26	9
	<u>2,014</u>	<u>1,802</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans Receivable Repaid	7,147	5,141
Loans Receivable Disbursed	(10,842)	(9,829)
Purchase of Capital Assets	(7)	(8)
	<u>(3,702)</u>	<u>(4,696)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance from the Government of the Northwest Territories	2,789	3,473
Repayment of Advance from the Government of the Northwest Territories	(1,223)	(722)
	<u>1,566</u>	<u>2,751</u>
NET DECREASE IN CASH	<u>\$ (122)</u>	<u>\$ (143)</u>
 Cash at Beginning of the Year	 <u>\$ 139</u>	 <u>\$ 282</u>
Cash at End of the Year	<u>\$ 17</u>	<u>\$ 139</u>

The accompanying notes form an integral part of the financial statements.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

1. AUTHORITY, OBJECTIVE AND OPERATION

The Corporation was established in 1991 pursuant to the Northwest Territories Business Credit Corporation Act (Act). It is subject to the Financial Administration Act and is a Crown corporation of the Government of the Northwest Territories (the Government).

The Corporation's objective is to stimulate economic development and employment in the Northwest Territories to resident business enterprises, by providing loans, guaranteeing loans made by financial institutions, providing bonds and indemnifying bonding companies which have provided bonds. In addition, the Corporation is responsible for making business development loans to Northern businesses to create economic development opportunities in communities where conventional lending institutions are not prepared to participate. The Corporation's role is a blend of being a last resort lender and a developmental agency for higher risk entrepreneurial ventures.

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force. As a result, all operations in Nunavut will be taken over by the Government of Nunavut and its crown corporations. Notwithstanding this significant change in future operations, these financial statements have been prepared on a going concern basis. It is not practical to determine the potential impact on future operations of the two Business Credit Corporations. Note 9 provides further information about this subsequent event.

Economic dependency

The Corporation is economically dependent upon the Government's continuing contributions for direct administrative expenses and advances.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared in accordance with generally accepted accounting principles. The significant accounting policies followed by the Corporation in the preparation of these financial statements are summarized below.

Loans

Loans are stated at the lower of principal amounts or estimated realizable amounts receivable. Accrued interest receivable and an allowance for loan impairment are recorded separately.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Allowance for loan impairment

The allowance for loan impairment represents management's best estimate of probable losses on loans at the end of the fiscal year. The allowance has a specific and general component.

a) Specific allowance: A loan is classified as impaired when one or more of the following conditions exist:

- in the opinion of management, there is reasonable doubt to the ultimate collectability of principal or interest, or
- principal or interest is six months past due, unless the loan is well secured, or
- the loan has been previously restructured and principal or interest is three months past due, or
- principal or interest is twelve months past due regardless of whether or not the loan is well secured.

When a loan is classified as impaired, the carrying amount of the loan is reduced to its estimated realizable amount. This is the lower of the recorded amount of the loan or the estimated net fair market value of the underlying security of the loan. The amount of initial impairment and any subsequent changes in the amount of impairment are recorded as a charge or credit to the specific allowance for loan impairment.

b) General allowance: In addition to the specific allowance, the Corporation maintains a general allowance, established at two percent (2%) of loans receivable, net of the specific provision, to reflect management's estimate for losses on those impaired loans which cannot yet be specifically identified. The general allowance is determined based on historical loss experience, aggregate exposure in particular industries or geographical regions, and prevailing economic conditions.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue recognition

Interest revenue on loans receivable is normally recognized on an accrual basis. The Corporation ceases to accrue interest once a loan is classified as impaired. Payments received on impaired loans are credited to loan principal and recognized as revenue only when either the principal has been repaid or the loan is no longer classified as impaired. Payments received on any previously written off loans are recognized as revenue.

Capital assets

Capital assets are recorded at cost. Amortization is calculated on a straight line basis over the estimated useful life of the assets as follows:

Computers	3 years
Furniture and Equipment	4 years

Pension contributions

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The Corporation matches employees' contributions for current or prior service. These contributions are expensed during the year in which the services are rendered and represent the total pension obligation of the Corporation.

3. CASH

The Corporation's cash is pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short-term income producing assets. The cash can be withdrawn at any time, and is not restricted by maturity dates on investments made by the Government. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments depending on the investment class, are rated R-2 High or better from the Dominion Bond Rating Service or A-3 or better from the Canadian Bond Rating Service. The Corporation's average investment yield was 4.6% during the year (1998: 3.4%).

Net investment income of \$26,000 (1998: \$9,000) is included in Interest Income on Loans Receivable.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

4. LOANS AND ACCRUED INTEREST RECEIVABLE

Region	Range of Annual Interest Rates		\$ 000's	
	1999	1998	1999	1998
Loans Receivable				
Baffin	6.75- 9.25%	6.75-11.75%	\$ 2,430	\$ 1,913
Deh Cho	6.75-14.25%	6.75-14.25%	2,655	2,893
Inuvik	6.75- 9.25%	6.75-10.00%	1,943	1,616
Keewatin	6.75- 9.50%	6.75-11.50%	2,016	2,198
Kitikmeot	6.75-10.75%	6.75-10.75%	2,929	2,889
North Slave	6.75- 9.25%	6.75-12.00%	8,668	8,512
Sahtu	6.75- 8.75%	6.75-10.00%	2,634	1,686
South Slave	6.75-10.25%	6.75-10.75%	10,949	9,292
			<u>34,224</u>	<u>30,999</u>
Accrued Interest Receivable				
Current			140	190
Arrears			136	136
			<u>276</u>	<u>326</u>
			<u>\$ 34,500</u>	<u>\$ 31,325</u>

Loans receivable and accrued interest include \$7,692,000 (1998: \$7,278,000) that the Corporation has specifically classified as impaired.

In 1999, interest not accrued on impaired loans totalled \$692,000 (1998: \$726,366).

Write-offs

Under the provisions of the Financial Administration Act, a loan (outstanding principal and interest) can only be approved for write-off by either the Legislative Assembly (over \$20,000) or the Board of Directors (\$20,000 or less). A loan written off is still subject to collection action.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

4. LOANS AND ACCRUED INTEREST RECEIVABLE (CONT'D)

Write-offs (cont'd)

In 1999, six accounts representing three borrowers totalling \$349,049 were written off by the Legislative Assembly (1998: eleven accounts representing three borrowers totalling \$325,519). No loans were written off by the Board of Directors (1998: nil).

In 1999, \$2,300 was received on loans written off in previous years (1998: nil).

Forgiveness

Under the provisions of the Financial Administration Act, a loan can only be approved for forgiveness by either the Legislative Assembly (over \$1,000) or the Financial Management Board (\$1,000 or less). Once a loan has been forgiven, no further collection action is possible.

In 1999, five accounts representing five borrowers totalling \$123,830 were forgiven by the Legislative Assembly (1998: five accounts representing one borrower totalling \$40,455). None of the accounts had been approved for write off previously. No accounts were forgiven by the Financial Management Board (1998: nil).

Credit Risk

The Corporation's credit risk exposure relating to loans receivable is directly impacted by the borrowers' ability to meet their obligations. This ability is impacted by the borrowers' similar exposure to fluctuations in the economy of the Northwest Territories.

The Corporation mitigates credit risk by holding no significant concentration with any individual borrower. It is prevented by the Act to lend any one business enterprise or a group of related enterprises an amount in excess of \$1 million.

5. ALLOWANCE FOR LOSSES ON IMPAIRED LOANS

	\$ 000's	
	1999	1998
Specific Allowance for Losses on Impaired Loans:		
Balance at beginning of year	\$ 4,550	\$ 4,627
Provision for the year	408	289
	<u>4,958</u>	<u>4,916</u>

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

5. ALLOWANCE FOR LOSSES ON IMPAIRED LOANS (CONT'D)

	<u>\$ 000's</u>	
	<u>1999</u>	<u>1998</u>
Less: write-offs	348	326
forgiveness	<u>124</u>	<u>40</u>
	<u>472</u>	<u>366</u>
Balance at end of year	<u>4,486</u>	<u>4,550</u>
General Allowance for Losses on Impaired Loans:		
Balance at beginning of year	530	442
Provision for the year	<u>66</u>	<u>88</u>
Balance at end of year	<u>596</u>	<u>530</u>
Allowance for Losses on Impaired Loans	<u>\$ 5,082</u>	<u>\$ 5,080</u>

6. ADVANCE FROM THE GOVERNMENT OF THE NORTHWEST TERRITORIES

The Act authorizes the Corporation to borrow for the purpose of lending, up to \$50 million from the Government of the Northwest Territories through an advance. Increases to the outstanding balance of the advance must be approved by the Financial Management Board based on the need of the Corporation. The balance was not to exceed \$38 million on the balance sheet date.

Interest on the advance is calculated at a rate of selected Government of Canada 3 year bond rates at the end of each month, compounded annually. The rate varied from 4.7% to 5.7% during the year (1998: 4.7% to 5.4%).

There are no fixed repayment terms on the advance. Repayment on the advance is made whenever the Corporation has sufficient cash on hand not earmarked for lending purposes.

The carrying amount of the advance from the Government of the Northwest Territories of \$31,373,000 (1998: \$28,287,000) approximates fair value.

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

7. CONTINGENT LIABILITIES

One legal proceeding against the Corporation is pending related to steps taken by the Corporation to call and enforce rights in collateral security of a loan.

The Corporation is named as co-defendant in the proceeding. The amount of the claim is \$11,000,000 plus costs. The Corporation's share of potential liability, if any, resulting from this action is not determinable and consequently no liability has been reflected in these financial statements. Liability, if any, will be reflected as an expense when determined.

8. RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed, the Corporation is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

Administrative contribution

Under the terms of administrative agreements between the Corporation and the Government, direct administrative expenses paid by the Government are recorded by the Corporation as an administrative contribution from the Government.

Services provided without charge

The Corporation does not record the value of other capital assets or services provided by the Government without charge in these financial statements. Services provided by the Government include accounting support, employee long term benefits, regional and personnel services as well as office accommodation and some capital assets. Their values are estimated as follow:

	<u>\$ 000's</u>	
	<u>1999</u>	<u>1998</u>
Staff support	\$ 206	\$ 199
Accommodation	42	42
Employee long term benefits	<u>2</u>	<u>5</u>
	<u>\$ 250</u>	<u>\$ 246</u>

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

8. RELATED PARTY TRANSACTIONS (CONT'D)

Furthermore, the Corporation receives audit services without charge from the Auditor General of Canada.

9. SUBSEQUENT EVENTS

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force.

a) Division of assets and liabilities

The creation of Nunavut requires the transfer of Government assets and liabilities. On March 29, 1999, an agreement between the Government of the Northwest Territories and the Interim Commissioner of Nunavut, set out an approach for the division of the assets, liabilities and surplus/deficit of the Government, including the Northwest Territories Business Credit Corporation. The approach, as applied to the Corporation, is as follows:

1. Apportion the accumulated deficit using the agreed upon ratio of 55.66% to the Corporation and 44.34% to the Nunavut corporation.
2. Allocate assets and liabilities on a basis that the two Corporations and Governments agree to be practicable, where possible on a geographic basis.
3. Adjust any difference, between the value of assets and liabilities allocated and the accumulated deficit apportioned, on a basis that the two Corporations and Governments agree to be practical.

Applying this approach to the March 31, 1999 financial statements of the Corporation results in the following allocation:

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

9. SUBSEQUENT EVENTS (CONT'D)

a) Division of assets and liabilities (cont'd)

BALANCE SHEET

\$ 000's

April 1, 1999
Corporation in

ASSETS	March 31, 1999	N.W.T.	Nunavut
Cash	\$ 17	\$ 9	\$ 8
Loans Receivable	34,224	26,848	7,376
Accrued Interest Receivable	276	195	81
	34,500	27,043	7,457
Less: Allowance for Losses on Impaired Loans	5,082	4,440	642
	29,418	22,603	6,815
Capital Assets (net of accumulated amortization of \$38 (1998: \$36))	10	10	-
	<u>\$ 29,445</u>	<u>\$ 22,622</u>	<u>\$ 6,823</u>
LIABILITIES			
Deferred Capital Contribution	\$ 10	\$ 10	\$ -
Advances from the Government of the Territories	31,373	23,691	7,682
	31,383	23,701	7,682
DEFICIT			
Deficit	(1,938)	(1,079)	(859)
	<u>\$ 29,445</u>	<u>\$ 22,622</u>	<u>\$ 6,823</u>

NORTHWEST TERRITORIES BUSINESS CREDIT CORPORATION

NOTES TO FINANCIAL STATEMENTS

March 31, 1999

9. SUBSEQUENT EVENTS (CONT'D)

b) Chargeback of services

The Corporation has entered into a service agreement with the Nunavut corporation. In this agreement, the Corporation will provide various corporate and program delivery services to the Nunavut corporation for the fiscal year 1999-2000. The estimated charge for this service is approximately \$159,750.

10. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Corporation's ability to conduct normal business operations. Management has developed and is implementing a plan designed to identify and address the expected effects of the Year 2000 Issue on the Corporation. As at March 31, 1999, the Corporation has commenced the identification of computer systems that will require modification or replacement. An assessment of the readiness of third parties such as customers, suppliers and others is ongoing. However, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

11. COMPARATIVE FIGURES

Certain comparative financial information has been reclassified to conform with this year's presentation.

LOAN ACCOUNTS APPROVED FOR WRITE OFF

Loan Accounts Approved by the Legislative Assembly

Active Service and Maintenance Ltd.	\$ 99,639.11
Arctic Foto Lab	43,332.43
Marathon Waterworks Ltd.	<u>206,077.90</u>
	<u>\$ 349,049.44</u>

LOAN ACCOUNT APPROVED FOR FORGIVENESS

Loan Accounts Approved by the Legislative Assembly

943558 N.W.T. Ltd.	\$ 31,241.08
Datascan International	7,486.93
Hay River Taxi Ltd.	55,664.21
Infonet Services	6,576.05
Repulse Bay Coffee Shop	<u>22,861.91</u>
	<u>\$ 123,830.18</u>

**Northwest Territories
Liquor Commission**

Financial Statements

**for the year ended
March 31, 1999**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Northwest Territories Liquor Commission ("the Commission") maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Commission acts in accordance with the laws of the Northwest Territories and Canada. The Commission's management recognizes its responsibility for conducting the Commission's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial agency.

The accompanying financial statements were prepared by management in conformity with generally accepted accounting principles appropriate in the circumstances.

The Auditor General of Canada annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. He also considers whether the transactions which come to his notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

R.J. Courtoreille
General Manager

A. Brockway
Manager, Finance and Administration

June 9, 1999

AUDITOR'S REPORT

To the Minister of Finance

I have audited the balance sheet of the Northwest Territories Liquor Commission as at March 31, 1999 and the statements of income, amount due to the Government of the Northwest Territories and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Commission and the financial statements are in agreement therewith and the transactions of the Commission that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the Part IX of the *Financial Administration Act* and regulations, and the *Northwest Territories Liquor Act* and regulations.

Donald M. Young, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 9, 1999

NORTHWEST TERRITORIES LIQUOR COMMISSION

Balance Sheet

March 31, 1999, with comparative figures for 1998

	1999	1998
	(\$000's)	(\$000's)
Assets		
Current assets:		
Cash	\$ 1,523	\$ 513
Accounts receivable	4	21
Inventories (note 3)	2,916	2,868
Prepaid expenses	15	17
	4,458	3,419
Capital assets (note 4)	310	413
	\$ 4,768	\$ 3,832

Liabilities

Current liabilities:		
Accounts payable	\$ 2,205	\$ 1,522
Accrued employee leave and termination benefits	109	133
Due to the Government of the Northwest Territories	2,454	2,177
Commitment (note 6)		
Subsequent event (note 9)		
	\$ 4,768	\$ 3,832

See accompanying notes to financial statements.

Approved by Management:

R. Courtoreille
General Manager

A. Brockway
Manager, Finance and Administration

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Income

Year ended March 31, 1999, with comparative figures for 1998

	1999	1998
	(\$000's)	(\$000's)
Sales:		
Beer	\$ 15,509	\$ 15,306
Spirits	13,166	12,664
Wine	2,942	2,736
	31,617	30,706
Cost of goods sold:		
Beer	6,397	6,336
Spirits	4,077	3,809
Wine	1,286	1,118
	11,760	11,263
Gross profit on sales	19,857	19,443
Other income:		
License fees and permits	604	618
Import fees and other income	116	283
	720	901
	20,577	20,344
Expenses:		
Commissions to agents	2,758	2,351
Salaries, wages and employee benefits	839	870
Rent	152	336
Computer services	114	64
Amortization of capital assets	111	110
Travel	98	101
Office supplies	57	60
Communications	49	42
Inspectors' fees	40	39
Miscellaneous	28	9
Utilities	25	29
Board member honoraria	25	20
Losses due to breakage, spoilage and theft	21	10
Insurance	18	19
Advertising	16	20
Repairs and maintenance	7	10
Grants in lieu of taxes	6	39
	4,364	4,129
Net income	\$ 16,213	\$ 16,215

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Amount Due to the Government of the Northwest Territories

Year ended March 31, 1999, with comparative figures for 1998

	1999	1998
	(\$000's)	(\$000's)
Balance, beginning of year	\$ 2,177	\$ 1,951
Net income	16,213	16,215
Salaries, wages and benefits paid by the Government	839	926
	19,229	19,092
Net transfer of funds to the Government	16,775	16,915
Balance, end of year	\$ 2,454	\$ 2,177

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Statement of Cash Flows

Year ended March 31, 1999, with comparative figures 1998

	1999	1998
Cash flows from operating activities:		
Cash received from customers	\$ 32,424	\$ 31,619
Cash paid to suppliers	(14,631)	(14,370)
Net cash provided by operating activities	17,793	17,249
Cash flows from financing and investing activities:		
Purchase of capital assets	(8)	(408)
Cash transferred to the Government of the Northwest Territories	(16,775)	(16,915)
Net cash used in financing and investing activities	(16,783)	(17,323)
Increase (decrease) in cash	1,010	(74)
Cash, beginning of year	513	587
Cash, end of year	\$ 1,523	\$ 513

See accompanying notes to financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 1999

1. Authority and operations:

The Northwest Territories Liquor Commission is responsible for the operation of liquor stores and the purchase and distribution of liquor in the Northwest Territories under Part II of the Northwest Territories Liquor Act. It is named in Schedule A to the Financial Administration Act. The Commission is authorized by the Legislative Assembly to receive interest free working capital advances from time to time not exceeding \$6,500,000 to finance its operations.

Net income for the year is to be transferred to the Government of the Northwest Territories in accordance with the Liquor Act.

These financial statements include the operations of the Liquor Licensing Board of the Northwest Territories.

The Commission is non-taxable under the Income Tax Act, Canada.

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force. As a result, all operations in Nunavut will be taken over by the Government of Nunavut. Notwithstanding this significant change in future operations, these financial statements have been prepared on a going concern basis. It is not practical to determine the potential impact on future operations of the two Governments, including the Commission. Note 9 provides further information about this subsequent event.

2. Significant accounting policies:

(a) Inventories:

Inventories are valued at replacement cost which is not materially different than cost. Cost includes invoiced cost, freight, duties and taxes.

(b) Capital assets:

Recycling equipment is stated at cost. Amortization is provided on cost less estimated salvage value on the straight-line basis at an annual rate of 10%.

Leasehold improvements are stated at cost. Amortization is provided on the straight-line basis at an annual rate of 20%.

Furniture and fixtures are stated at cost. Amortization is provided on cost less estimated salvage value on the straight-line basis at an annual rate of 20%.

Computer equipment represents hardware and software and is stated at cost. Amortization is provided on the straight-line basis at an annual rate of 20%.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 1999

2. Significant accounting policies, continued:

(c) Employee leave and termination benefits:

Under their conditions of employment, employees qualify for annual leave of varying lengths depending on their length of service. Employees also earn retirement and severance remuneration based on the number of years of service. Annual leave is payable within one fiscal year. The payment of the other amounts is dependent on employees leaving the Commission. The liability for these benefits is recorded in the accounts as the benefits accrue to the employees.

(d) Pension contributions:

The Commission and its employees, who are deemed to be employees of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Commission. These contributions represent the total pension obligation of the Commission and are recognized in the accounts on a current basis. The Commission is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

3. Inventories:

	1999	1998
	(\$000's)	(\$000's)
Spirits	\$ 1,595	\$ 1,402
Wine	510	496
Beer	811	970
	\$ 2,916	\$ 2,868

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 1999

4. Capital assets:

			1999	1998
	Cost	Accumulated amortization	Net book value	Net book value
	(\$000's)	(\$000's)	(\$000's)	(\$000's)
Computer equipment	\$ 415	\$ 165	\$ 250	\$ 326
Recycling equipment	150	108	42	55
Leasehold improvements	39	30	9	16
Furniture and fixtures	30	21	9	16
	\$ 634	\$ 324	\$ 310	\$ 413

5. Related party transactions:

The Commission is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and corporations. The Commission enters into transactions with these entities in the normal course of business.

Certain warehouses are owned by the Government of the Northwest Territories. These are provided for the use of the Commission, the cost of which is reflected as a portion of rent in the financial statements.

	1999	1998
	(\$000's)	(\$000's)
Warehouse rent	\$ 97	\$ 282

The Government of the Northwest Territories provides the Commission with various administrative services, the value of which is not reflected in these financial statements.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 1999

6. Commitment:

The Commission has entered into a lease agreement for premises that commenced on September 1, 1995 for an initial term of five years to August 31, 2000. The Commission has an option to renew for one additional term. The minimum annual lease payments are:

		(\$000's)
March 31:		
2000	\$	50
2001		21
	\$	71

Annual lease payments include operating costs which are subject to annual increases based on the consumer price index and adjustments for tax assessments.

7. Financial instruments:

The fair value of the Commission's financial instruments approximates their carrying amounts due to their short-term nature.

8. Uncertainty due to the Year 2000 Issue:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Commission's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Commission, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

NORTHWEST TERRITORIES LIQUOR COMMISSION

Notes to Financial Statements, continued

Year ended March 31, 1999

9. Subsequent event:

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force.

Division of assets and liabilities:

The creation of Nunavut requires the transfer of Government, and consequentially the Commission's, assets and liabilities. An agreement has been reached between the Government of the Northwest Territories and the Interim Commissioner for Nunavut regarding the division of assets and liabilities.

The approach set out in the agreement requires the Government, not the Commission, to apportion its accumulated surplus/deficit and allocate its assets and liabilities. The Commission's assets and liabilities will be allocated at the same time the Government allocates all its assets and liabilities.

Chargeback of services:

The Government has entered into a service agreement with the Nunavut Government. In this agreement the Government will provide various corporate and program delivery services to the Nunavut commission for fiscal year 1999-2000. The estimated charge for this service is approximately \$90,000.

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**Northwest Territories
Power Corporation**

Consolidated Financial Statements

**for the year ended
March 31, 1999**

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Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements were prepared by management in accordance with generally accepted accounting principals. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. The Northwest Territories Power Corporation is regulated by the Public Utilities Board of the Northwest Territories, which also examines and approves its accounting policies and practices. Consolidated financial statements include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly in all material respects. Management has prepared financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements. The Corporation maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis, that assets are acquired economically, are used to further the Corporation's aims, are protected from loss or unauthorized use and that the Corporation acts in accordance with the laws of the Northwest Territories and Canada. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principals, and for maintaining standards of conduct that are appropriate to a Territorial Crown corporation. An internal auditor reviews the operation of financial and management systems to promote compliance and to identify changing requirements or needed improvements.

The Auditor General of Canada provides an independent, objective audit for the purpose of expressing his opinion on the consolidated financial statements. He also considers whether the transactions that come to his notice in the course of the audit are, in all significant respects, in accordance with the specified legislation.

The Board of Directors appoints certain of its members to serve on the Audit and Efficiency Committee. This Committee oversees management's responsibilities for financial reporting and reviews and recommends approval of the consolidated financial statements. The internal and external auditors have full and free access to the Audit and Efficiency Committee.

The consolidated financial statements have been approved by the Board of Directors.

Leon Courneya, CA
President & CEO

Christine A. Jackson, CA
Vice President, Finance & CFO

Hay River, NT
May 21, 1999

AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Power Corporation

I have audited the consolidated balance sheet of the Northwest Territories Power Corporation as at March 31, 1999 and the consolidated statements of earnings and retained earnings, and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and its wholly-owned subsidiaries and the consolidated financial statements are in agreement therewith and the transactions of the Corporation and of its wholly-owned subsidiaries that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Northwest Territories Power Corporation Act* and the by-laws of the Corporation and its wholly-owned subsidiaries.

Donald M. Young, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
May 21, 1999

NORTHWEST TERRITORIES POWER CORPORATION

Consolidated Statement of Earnings and Retained Earnings For the year ended March 31, 1999 (\$000's)

	1999	1998
Revenues		
Sale of power	\$ 94,182	\$ 93,809
Sale of heat	2,280	2,918
Other	3,403	3,381
	<u>99,865</u>	<u>100,108</u>
Expenses		
Fuel and lubricants	25,752	28,118
Salaries and wages	22,326	23,165
Supplies and services	16,287	14,178
Amortization of capital assets	8,650	8,217
Travel and accommodation	2,947	3,050
Amortization of deferred charges	445	602
	<u>76,407</u>	<u>77,330</u>
Earnings from operations	<u>23,458</u>	<u>22,778</u>
Allowance for funds used during construction	308	284
Interest income	1,231	1,134
	<u>1,539</u>	<u>1,418</u>
Earnings before interest expense	24,997	24,196
Interest expense (Note 5)	<u>13,502</u>	<u>13,686</u>
Net earnings	11,495	10,510
Retained earnings at beginning of period	<u>58,097</u>	<u>53,848</u>
	69,592	64,358
Dividend (Note 6)	<u>6,603</u>	<u>6,261</u>
Retained earnings at end of period	<u>\$ 62,989</u>	<u>\$ 58,097</u>

See accompanying notes

NORTHWEST TERRITORIES POWER CORPORATION

Consolidated Cash Flow Statement For the year ended March 31, 1999 (S000's)

	1999	1998
Cash flows from operating activities		
Cash receipts from customers	\$ 98,441	\$ 100,293
Cash paid to suppliers and employees	(65,795)	(72,358)
Interest received	1,226	1,129
Interest paid	(13,289)	(13,471)
Cash flows from operating activities	<u>20,583</u>	<u>15,593</u>
Cash flows used in investing activities		
Purchase of capital assets	(16,944)	(12,596)
Proceeds from sale of equipment	581	233
Cash flows used in investing activities	<u>(16,363)</u>	<u>(12,363)</u>
Cash flows used in financing activities		
Proceeds from long term borrowings	10,000	375
Net proceeds from short term borrowings	335	4,810
Repayment of net lease obligation	(227)	(791)
Sinking fund installments	(2,571)	(2,661)
Repayment of long term debt	(5,719)	(5,038)
Dividend paid	(6,261)	(5,854)
Cash flows used in financing activities	<u>(4,443)</u>	<u>(9,159)</u>
Net increase (decrease) in cash and short-term investments	(223)	(5,929)
Cash and short-term investments at beginning of period	<u>935</u>	<u>6,864</u>
Cash and short-term investments at end of period	<u>\$ 712</u>	<u>\$ 935</u>

See accompanying notes

NORTHWEST TERRITORIES POWER CORPORATION

Consolidated Balance Sheet As at March 31, 1999 (\$000's)

	1999	1998
Assets		
Capital assets (Note 7)		
Capital assets in service	\$ 367,745	\$ 364,781
Less accumulated amortization	(143,770)	(143,420)
	<u>223,975</u>	<u>221,361</u>
Construction work in progress	8,360	3,036
	<u>232,335</u>	<u>224,397</u>
Current assets		
Cash and short-term investments	712	935
Accounts receivable	17,177	15,859
Prepaid expenses	1,054	1,199
Inventories	12,984	15,484
	<u>31,927</u>	<u>33,477</u>
Other assets		
Deferred charges and other assets (Note 4)	7,437	3,870
Sinking fund investments (Note 8)	8,156	5,585
	<u>15,593</u>	<u>9,455</u>
	<u>\$ 279,855</u>	<u>\$ 267,329</u>
Liabilities and Shareholder's Equity		
Long-term debt		
Long-term debt (Note 9)	\$ 129,680	\$ 120,075
Net lease obligation (Note 10)	2,446	2,673
	<u>132,126</u>	<u>122,748</u>
Current liabilities		
Bank indebtedness and short-term debt	5,145	4,810
Accounts payable and accrued liabilities	16,381	13,137
Capital Replacement Reserve Fund (Note 11)	2,472	2,583
Current portion of long-term debt (Note 9)	395	5,719
Dividend payable (Note 6)	6,603	6,261
	<u>30,996</u>	<u>32,510</u>
Other liabilities		
Deferred credits and other liabilities (Note 12)	10,615	10,845
Shareholder's equity (Note 13)	<u>106,118</u>	<u>101,226</u>
	<u>\$ 279,855</u>	<u>\$ 267,329</u>
Commitments & contingencies (Notes 14, 17 and 18)		

Approved on behalf of the Board:

Pierre R. Alvarez
Chairman of the Board

Gordon Stewart
Chairman of the Audit Committee

See accompanying notes

NORTHWEST TERRITORIES POWER CORPORATION

Notes to Consolidated Financial Statements For the year ended March 31, 1999 (\$000's)

1. Authority and Operation

The Corporation was established under the *Northwest Territories Power Corporation Act*. The Corporation is a territorial corporation under Schedule B of the *Financial Administration Act* and is exempt from income tax.

The Corporation operates diesel and hydroelectric production facilities to provide utility services on a self-sustaining basis in the Northwest Territories. The Corporation is regulated by the Public Utilities Board of the Northwest Territories (PUB).

Division of Territory

Effective April 1, 1999, the Northwest Territories divided into two separate territories. The Government of the Northwest Territories and the Interim Commissioner of Nunavut have entered into an agreement wherein the Corporation will continue as a single Corporation until March 31, 2001, during which time the two governments will reach a determination on the future of the Corporation.

2. Accounting policies

A summary of the significant accounting policies follows:

Consolidation

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and include the accounts of the Corporation and its wholly-owned subsidiaries NWT Energy Corporation Ltd., and 923204 N.W.T. Ltd.

NWT Energy Corporation Ltd., under the authority of the Northwest Territories Power Corporation Act, provided financing to the Dogrib Power Corporation for the construction of a 4.3 MW hydro facility. 923204 N.W.T. Ltd. operates and manages various residual heat projects in the territories.

Revenue

Utility revenues are recognized on the accrual basis and include an estimate of services provided but not yet billed.

Inventories

Fuel and lubricants are valued at average cost. Materials and supplies are valued at average cost.

Capital assets

Capital assets, excluding that donated to the Corporation, are recorded at original cost and includes materials, direct labour and a proportionate share of overhead costs and an allowance for funds used during construction which provides for a return on capital at a rate approved by the PUB.

Capital assets donated to the Corporation are recorded at their estimated fair value less accumulated amortization.

Amortization

Amortization of capital assets is provided on the straight-line average group useful life basis, at rates which are approved by the PUB and which include a provision for future removal and site restoration costs, net of salvage value.

On retirement or sale of assets, the accumulated amortization is charged with the cost of the retired unit, net disposal costs and site restoration costs. Gains or losses arising from exceptional circumstances are included in earnings.

NORTHWEST TERRITORIES POWER CORPORATION

Amortization rates are as follows:

Electric power plants	1.3 – 5.0%
Transmission and distribution systems	1.9 – 5.0%
Warehouse, equipment, motor vehicles and general facilities	2.6 – 9.9%
Other utility assets	5.0%
Other	20.0%

Deferred charges

The Snare Cascades deferral account was approved by the PUB to ease the impact on utility rates resulting from the Snare Cascade project being added to the rate base. The additional costs of the asset, net of savings from displaced diesel generation, are deferred for five years, to be amortized over the following ten years.

The Reserves for Injuries and Damages, approved by the PUB, represents emergency repairs to equipment which have not been included in the rate base. The balance in the Reserve represents amounts to be included in the rate base for future years. Financing costs relating to the issue of long-term debt are amortized on a straight-line basis over the remaining term of the related debt. Regulatory costs are amortized on a straight-line basis over a period not exceeding three years.

Sinking fund investments

The Corporation records sinking fund investments at amortized acquisition cost. Any discount or premium arising on purchase is amortized over the period to maturity. As a result of the amortization, earnings from the investment reflect the yield based on purchase costs, not on coupon rates, and the carrying value of the investments are adjusted systematically, over the period they are held, toward the amount expected to be realized at maturity.

Capital Replacement Reserve Fund

The excess of revenues over expenditures, in the operation of the Inuvik Water and Sewer system are placed in the Capital Replacement Reserve Fund. Capital expenditures of the utility are charged against this fund. Interest is earned on the fund based on the average 30 day BA rate for the month as prescribed by the operating agreement with the Town of Inuvik.

Deferred credits

Deferred credits reflect donations of assets and contributions to aid in the construction and acquisition of property and equipment, and are amortized on the same basis as the related property and equipment.

Pension plan

Contributions are made by the Corporation and its employees to the Public Service Superannuation Plan administered by the Government of Canada. These contributions represent the total liability of the Corporation and are recognized in the accounts on a current basis.

Rate stabilization funds

In January 1997, the PUB approved the establishment of water and fuel stabilization funds to mitigate the impact on utility rates of unexpected changes in fuel prices, changes from average water levels and fluctuations in hydro generation. The balance in the funds are accounted for by excesses and deficiencies in fuel price and water levels, which accumulate until specified limits are reached, at which time rates are increased or decreased to bring the fund to anticipated levels.

Measurement uncertainty

Certain items recognized in the financial statements are subject to measurement uncertainty. The recognized amounts of such items are based on the Corporation's best information and judgement. Such amounts are not expected to change materially in the near term.

The provision for future removal and site restoration costs, net of salvage value, is based on estimates which by their nature, are subject to measurement uncertainty.

NORTHWEST TERRITORIES POWER CORPORATION

3. Regulatory matters

The Corporation is regulated by the PUB, which administers acts and regulations covering such matters as rates, financing, accounting, construction, operation, and service area. The PUB may award interim rates, subject to final determination. The regulatory treatment of unforeseen significant expenditures and the impact on rates will be examined when the Corporation files amended rate schedules and will take into account any recoveries from third parties.

4. Deferred charges and other assets

	1999	1998
Snare Cascades Deferral Account	\$ 2,231	\$ 1,063
Rate stabilization funds	1,475	(40)
Fuel spill	1,060	-
Reserve for Injuries and Damages	1,004	1,178
Other	742	407
Financing costs	647	591
Housing loans receivable	240	360
Regulatory costs	38	311
	<u>\$ 7,437</u>	<u>\$ 3,870</u>

The rate stabilization funds are comprised of fuel \$913 (1998 - \$788) and water \$562 (1998 - [\$828]).

5. Interest expense

	1999	1998
Interest on long-term debt:		
Sinking Fund debentures	\$ 9,869	\$ 9,600
Debentures	2,351	2,370
Capital lease	314	410
Promissory note	136	724
	<u>12,670</u>	<u>13,104</u>
Other interest	832	582
	<u>\$ 13,502</u>	<u>\$ 13,686</u>

6. Dividends

Pursuant to the Northwest Territories Power Corporation Act, the Government of the Northwest Territories directed the Corporation to declare a dividend of \$6,603 (1998 - \$6,261).

NORTHWEST TERRITORIES POWER CORPORATION

7. Capital assets

	Cost	1999 Accumulated Amortization	Net Book Value	1998 Net Book Value
Electric power plants	\$ 261,043	\$ (97,131)	\$ 163,912	\$ 163,136
Transmission and distribution systems	72,727	(28,029)	44,698	44,188
Warehouse, equipment, motor vehicles and general facilities	25,777	(13,046)	12,731	11,877
Other utility assets	4,293	(2,449)	1,844	1,260
Other	3,905	(3,115)	790	900
	367,745	(143,770)	223,975	221,361
Construction work in progress	8,360	-	8,360	3,036
	<u>\$ 376,105</u>	<u>\$ (143,770)</u>	<u>\$ 232,335</u>	<u>\$ 224,397</u>

Accumulated amortization includes a provision of \$47,414 (1998 - \$46,456) for future removal and site restoration costs. The provision for 1998/99 is \$1,460 (1998 - \$1,440).

Engineering and general administration expense capitalized during the year amounted to \$2,232 (1998 - \$1,583).

8. Sinking fund investments

Sinking fund investments are held by the Trustee for the redemption of long-term debt. These investments consist of securities and short-term investments issued or guaranteed by the municipal, provincial, or federal governments of Canada, and paper issued by approved banks.

The sinking fund agreement requires the Corporation to make minimum annual installments. The installments required for the next five years are disclosed in Note 9.

	Cost	1999 Weighted average effective rate	Cost	1998 Weighted average effective rate
Bank paper	\$ 4,048	4.77%	\$ 1,732	5.08%
Federal Government guaranteed	3,518	4.75%	520	7.72%
Provincial Government guaranteed	522	5.63%	3,213	5.89%
Municipal Government guaranteed	49	6.35%	49	8.38%
Cash & short-term investments	19	0.25%	71	0.03%
	<u>\$ 8,156</u>	<u>4.83%</u>	<u>\$ 5,585</u>	<u>5.76%</u>

Fair value information for sinking funds is included in Note 16.

NORTHWEST TERRITORIES POWER CORPORATION

9. Long-term debt

	1999	1998
Promissory note to the Government of the Northwest Territories, repayable in ten equal annual installments of \$5,350 matured June 23, 1998, bearing interest at 11% payable semi-annually.	\$ -	\$ 5,350
11% sinking fund debentures, due March 9, 2009	20,000	20,000
11 1/4% sinking fund debentures, due June 6, 2011	15,000	15,000
10 3/4% sinking fund debentures, due May 28, 2012	20,000	20,000
9 3/4% sinking fund debentures, due May 12, 2014	20,000	20,000
6.33% sinking fund debentures, due October 27, 2018	10,000	-
8.41% sinking fund debentures, due February 27, 2026	20,000	20,000
10% debenture series 1, due May 1, 2025 repayable in equal monthly payments of \$70	7,779	7,838
9 3/4% debenture series 2, due October 1, 2025 repayable in monthly equal payments of \$69	7,797	7,856
9.11% debenture series 3, due September 1, 2026 repayable in monthly equal payments of \$73.	8,823	8,893
6.5% Canada's Northwest Territories Government Aurora Fund (1996) 923204 N.W.T. Ltd.'s portion representing 50%, due December 2002	375	375
5.9% I.B.M. Lease, due December 1, 2000 repayable in monthly equal payments of \$17	301	482
	<u>130,075</u>	<u>125,794</u>
Less: Current portion	395	5,719
	<u>\$ 129,680</u>	<u>\$ 120,075</u>

All debentures are unconditionally guaranteed by the Government of the Northwest Territories.

Principal repayments and sinking fund investment requirements for the next five years:

	Principal Repayments	Sinking Fund Investment Requirements
2000	395	2,747
2001	335	2,754
2002	249	2,755
2003	649	2,756
2004	298	2,982

NORTHWEST TERRITORIES POWER CORPORATION

10. Net lease obligation

The NWT Energy Corporation Ltd. loaned funds in 1994/95 through 1996/97 to the Dogrib Power Corporation to finance the construction of a hydroelectric generating plant on the Snare River in the Northwest Territories. The balance of the loan receivable is \$22,612 (1998 - \$22,773).

The loan bears interest at an annual rate of 9.6% which is the average rate of interest on NWT Energy Corporation Ltd.'s long term debt issued to finance the loan. It will be repaid over a 30-year period which commenced in August 1996, with monthly payments including interest of \$195. The loan is secured by a charge against the plant and the lease agreement.

Upon completion of construction in August 1996, the NWT Power Corporation leased the plant at an imputed interest rate of 9.6% from the Dogrib Power Corporation for 65 years. The value of the capital lease obligation is \$25,285 (1998 - \$25,689).

To reflect the effective acquisition and financing nature of the lease, the plant is included in electric power plants in property and equipment at a cost of \$26,342.

Upon consolidation, the loan receivable held by NWT Energy Corporation Ltd. is offset with the capital lease obligation of the Corporation resulting in a net lease obligation of \$2,446 (1998 - \$2,673).

The net lease obligation will decrease by the following amounts over the next five years.

2000	\$	226
2001		208
2002		188
2003		166
2004		142

11. Capital Replacement Reserve Fund

This amount represents funds held for capital repairs to the water and sewer system in the Town of Inuvik.

Expenditures are made upon the approval of the Inuvik Utilities Planning Committee, which consists of representatives of the Town of Inuvik, the Department of Municipal and Community Affairs of the Government of the Northwest Territories, and the Corporation. During the year, the fund earned \$111 (1998 - \$118) of interest at rates ranging from 4.5% to 5.9% (1998 - 3.4% to 5.1%).

The Corporation operates the utility on behalf of the Town of Inuvik, who will take over the operations of the utilidor system in April 2000, at which time the balance of the fund will be turned over to the Town.

12. Deferred credits and other liabilities

	1999	1998
Deferred credits	\$ 9,671	\$ 9,509
Employee termination benefits	944	1,336
	<u>\$ 10,615</u>	<u>\$ 10,845</u>

Termination benefits are earned by certain employees as a condition of their employment, and are based upon years of service.

NORTHWEST TERRITORIES POWER CORPORATION

13. Shareholder's equity

	1999	1998
Capital Stock		
Authorized: unlimited number of voting common shares without par value		
Issued: 431,288 common shares	\$ 43,129	\$ 43,129
Retained earnings	62,989	58,097
	<u>\$ 106,118</u>	<u>\$ 101,226</u>

14. Commitments and contingencies

Capital projects

The estimated cost to complete capital projects in progress as at March 31, 1999, was \$13,574 (1998 - \$9,100).

Operating leases

The Corporation has leased property and equipment under various long-term operating leases. The minimum annual payments for these leases are as follows:

2000	\$ 871
2001	508
2002	148
2003	58
2004	39
2005-2038	100
	<u>\$ 1,724</u>

Supply contracts

The Corporation has entered into contracts to purchase refined oil products. The contracts extend to October 2001, reflect minimum purchase commitments consistent with the Corporation's operational requirements, and are based on market prices.

Hedging

The Corporation entered into a commodity swap for heating fuel. Although the Corporation purchases diesel fuel, no instrument is readily available for the Corporation to directly hedge against the price fluctuation of diesel fuel. Heating fuel prices however have a very close correlation to diesel fuel prices.

The Corporation typically purchases in excess of 75 million litres of diesel fuel annually. As at March 31, 1999, the Corporation has hedged a total of 37 million litres to be purchased in June, July and August 1999 using a swap contract. The average price for the swap contract on 37 million litres is US\$0.12/litre (US\$0.468/US gallon).

This hedging instrument is used only to manage risk and not for trading purposes. The Corporation did not obtain any security to mitigate credit risk but mitigates this risk by dealing only with a AA financial institution and accordingly, does not anticipate loss for non-performance.

Loan guarantee

The Corporation has guaranteed a loan made by the Aurora Fund to Aadrii Limited in the total amount of \$750. This guarantee has been made jointly and severally with another party.

NORTHWEST TERRITORIES POWER CORPORATION

Natural gas purchase commitment

The Corporation has entered into an agreement to purchase natural gas to supply Inuvik with fuel for production of electricity. The minimum obligation is to purchase 5,622,900m3 of natural gas per annum for the next 15 years, beginning on July 1, 1999. The future price shall be calculated annually on the anniversary of the Initial Delivery Date and will depend on the Edmonton Average Unbranded Regular Diesel Price as posted in the Bloomberg Oil Buyers Guide on the anniversary date.

15. Related party transactions

The Corporation is a Territorial Crown corporation and consequently is related to the Government of the Northwest Territories and its agencies and Crown corporations.

The Corporation provides utility services to, and purchases fuel and other services from, these related parties. These transactions are at the same rates and terms as those with similar unrelated customers.

Transactions with related parties and balances at year end, not disclosed elsewhere in the financial statements, are as follows:

	1999	1998
Sale of power, heat, water and other	\$ 23,669	\$ 23,463
Purchase of fuel	9,773	10,792
Fuel Tax	1,846	1,942
Other	695	1,121
Balances at year end:		
Accounts Receivable	3,113	3,801
Accounts Payable	1,863	2,030

16. Financial instruments

	1999		1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	\$ 130,075	\$ 178,657	\$ 125,794	\$ 170,480
Net lease obligation	2,446	6,604	2,673	6,922
Sinking fund investments	8,156	8,213	5,585	5,853

The fair value of cash and short-term investments and other current accounts receivable and payable, excluding the current portion of loan receivable and long-term debt, approximates the carrying amount of these instruments due to the short period to maturity. The Corporation has received a guarantee for a significant outstanding receivable. The fair value of employee termination benefits approximates carrying value. The fair values for the long-term debt and net lease obligation, are determined using market prices for similar instruments. The fair value of the sinking fund investments was determined using market prices.

The Corporation invests in a conservative short-term investment fund which is restricted to investments of very low risk. The average term of the fund will generally be less than 90 days. Investments earned an average of 5% interest.

NORTHWEST TERRITORIES POWER CORPORATION

17. Franchises

Subsection 37(1) of the Public Utilities Act of the Northwest Territories states that a public utility shall file with the Board a copy of its franchise before the public utility intends to begin operating under the franchise.

The Corporation requires franchises for 50 communities. As at March 31, 1999, 38 franchises (1998 – 35 franchises) have been approved by the PUB, while the remaining franchises are at various stages of the application process.

18. Year 2000

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the Corporation, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

19. Comparative figures

Certain reclassifications have been made to the comparative figures to conform with the current year's presentation.

NORTHWEST TERRITORIES POWER CORPORATION

Consolidated Financial Summary Years Ended March 31

	1999	1998	1997	1996	1995
	\$000				
Operating revenue	\$99,865	\$100,108	\$102,592	\$102,355	\$103,104
Operating expenses	76,407	77,330	81,898	82,675	83,399
Fuel and lubricants expense	25,752	28,118	33,963	34,018	36,568
Interest expense	13,502	13,686	14,835	11,736	10,510
Earnings from operations	23,458	22,778	20,694	19,680	19,705
Net earnings	11,495	10,510	9,106	10,665	10,539
Dividend	6,603	6,261	5,854	4,292	3,538
Expenditures on property and equipment	16,944	11,387	42,477	17,443	14,777
Gross fixed assets	367,745	364,781	350,596	305,540	292,142
Net fixed assets	223,975	221,361	214,651	175,077	166,714
Sales (M.W.h)	411,902	429,642	432,825	457,321	448,684
Generation (M.W.h)	455,747	482,504	486,576	504,172	496,200
Number of customers	17,658	17,123	16,855	16,698	16,243
Return on Assets Employed (Net income/Avg Total Assets)	4.20%	3.81%	3.44%	4.69%	5.25%
Average Unit Energy Cost (Operating cents/kWh generated)	16.77	15.99	16.11	16.94	16.87
System Availability	99.95%	99.99%	99.98%	99.95%	99.92%

NORTHWEST TERRITORIES POWER CORPORATION

Schedule of Write-offs For the year ended March 31, 1999 (unaudited)

The following are those assets, debt or obligations, in excess of \$500, that the Corporation has written off in the year pursuant to section 84 of the Financial Administration Act.

Accounts Receivable

Plant	Name	Amount
Cambridge Bay	Aitaok, Cathy	\$ 637.51
	Robinson, Alan	835.68
Deline	Lavolette, Tom	605.79
	Tatti, Tony	796.66
Fort Smith	Boulet, Sarah	704.92
	Vermillion, Alberta	549.50
Hall Beach	Foxe Basin Contractors	1,337.69
Inuvik	Chicken Chef	10,610.00
	Dillion, Corrine	695.83
	Elliot, Gordon	870.15
	Joujan, Harry	739.90
	Kikoak, Sharon	744.05
	Peffer, Harry	829.59
	Rayven Mechanical	543.66
	Stabler, Linda	862.05
	Csisely, Andrew (Estate of)	710.61
	Csisely, Andrew (Estate of)	793.41
Iqaluit	Guilboard, Jamie	1,406.84
	Hatt, Linn	779.35
	Boucher, Joe	779.84
Lutsel K'e	Top Guns	2,249.09
Norman Wells	Mullin, Nastania	711.12
Pangnirtung	Kalaserk, Joan	1,170.84
Rankin Inlet	Arny's General Store	2,727.03
Yellowknife	Arnys Freezer	1,177.11
	Rae Café	1,957.31
		<hr/>
		\$ 35,825.53

Cash

Plant	Amount
Fort Simpson	1,015.55
Resolute Bay	2,581.95
	<hr/>
	\$ 3,597.50

**Workers' Compensation Board
(Northwest Territories)**

Financial Statements

**for the year ended
December 31, 1998**

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March 19, 1999

Management's Responsibility for Financial Reporting

Management of the Workers' Compensation Board is responsible for the preparation, integrity and objectivity of the financial statements and related information presented in this Annual Report. The financial statements have been prepared in accordance with generally accepted accounting principles and have been approved by the Board of Directors. Where appropriate, the preparation of financial information contained in this report includes estimates and judgements based on careful consideration of information available to management.

Management has developed and maintains books of accounts, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the *Workers' Compensation Act* and regulations, the *Financial Administration Act* and regulations, and policies of the Board. The Board of Directors ensures that management fulfills its responsibilities for financial reporting, internal control and safeguarding assets.

The Board of Directors appoints certain of its members to serve on the Finance Committee. This Committee oversees management's responsibilities for financial reporting, and reviews and recommends the financial statements to the Board for approval.

The Auditor General of Canada annually provides an independent, objective audit of the English and French versions of the financial statements for the purpose of expressing his opinion on these financial statements. He also considers whether the transactions that come to his notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

Hewitt Associates, an independent firm of consulting actuaries, has been engaged to provide an opinion on the adequacy and appropriateness of actuarial valuation of future claims and pension liabilities of the Workers' Compensation Board.

Gerry Meier
President

John W. Doyle
Director, Financial Services

Auditor's Report

To the Minister of the
Workers' Compensation Board

I have audited the balance sheet of the Workers' Compensation Board (Northwest Territories) as at December 31, 1998 and the statements of operations, reserves and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1998 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Board, and the financial statements are in agreement therewith and the transactions of the Board that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations and the *Workers' Compensation Act* and regulations.

Donald M. Young, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
March 19, 1999

WORKERS' COMPENSATION BOARD (Northwest Territories)

Balance Sheet

as at December 31, 1998
(thousands of dollars)

ASSETS

	1998	1997
Cash and short-term investments (note 3a)	\$ 1,306	\$ 2,965
Assessments receivable	1,586	3,602
Accrued interest receivable	3,592	4,289
Other accounts receivable	1,470	997
Investments (note 3)	228,899	203,094
Property and equipment (note 4)	5,084	5,228
	<u><u>\$ 241,937</u></u>	<u><u>\$ 220,175</u></u>

LIABILITIES

Accounts payable and accrued liabilities	\$ 1,510	\$ 1,822
Deferred revenue (note 11c)	115	240
Lease obligations payable (note 5a)	3,240	3,410
Assessments refundable	1,588	2,026
Benefits liability (note 6)	166,218	162,025
	<u><u>\$ 172,671</u></u>	<u><u>\$ 169,523</u></u>

RESERVES

Catastrophe reserve	18,000	\$ 9,800
Safety incentive rate reduction reserve	225	642
Operating reserve	44,541	35,710
Special Reserve	6,500	4,500
	<u><u>69,266</u></u>	<u><u>50,652</u></u>
	<u><u>\$ 241,937</u></u>	<u><u>\$ 220,175</u></u>

CONTINGENCIES (Note 9)

Approved by Management:

John W. Doyle

Director, Financial Services

Approved by the Board of Directors:

JoAnne Deneron

Chairperson, Board of Directors

Gordon Wray

Chairperson, Finance Committee

The accompanying notes form an integral part of the financial statements.

WORKERS' COMPENSATION BOARD (Northwest Territories)

Statement of Operations
for the year ended December 31, 1998
(thousands of dollars)

REVENUES	<u>1998</u>	<u>1997</u>
Investment revenue	\$ 27,553	\$ 23,929
Assessments	20,165	23,255
GNWT contribution (note 11c)	607	1,077
Recoveries (note 11b)	<u>1,175</u>	<u>461</u>
	<u>\$ 49,500</u>	<u>\$ 48,722</u>
 EXPENSES		
Cost of claims (note 6)		
Current year's claims	17,172	\$ 17,619
Prior years' claims	4,805	(2,238)
Actuarial Revaluation	<u>-</u>	<u>5,033</u>
Total Claims	<u>21,977</u>	<u>20,414</u>
Administration and general (schedule)	<u>8,909</u>	<u>8,083</u>
	<u>\$ 30,886</u>	<u>\$ 28,497</u>
 INCOME FROM OPERATIONS	 <u>\$ 18,614</u>	 <u>\$ 20,225</u>
 TRANSFERS		
Transfer to catastrophe reserve	\$ 8,200	\$ 4,900
Transfer to safety incentive rate reduction reserve	258	279
Transfer to operating reserve	8,156	10,546
Transfer to special reserve	<u>2,000</u>	<u>4,500</u>
	<u>\$ 18,614</u>	<u>\$ 20,225</u>

The accompanying notes form an integral part of the financial statements.

WORKERS' COMPENSATION BOARD (Northwest Territories)

Statement of Reserves

for the year ended December 31, 1998
(thousands of dollars)

CATASTROPHE RESERVE	<u>1998</u>	<u>1997</u>
Balance at the beginning of the year	9,800	\$ 4,900
Transfer from operations	8,200	4,900
Balance at the end of the year (note 8)	<u>\$ 18,000</u>	<u>\$ 9,800</u>
 OPERATING RESERVE		
Balance at the beginning of the year	\$ 35,710	\$ 25,164
Transfer from operations	8,156	10,546
Transfer from SIRR reserve	675	
Balance at the end of the year (note 8)	<u>\$ 44,541</u>	<u>\$ 35,710</u>
 SAFETY INCENTIVE RATE REDUCTION RESERVE		
Balance at beginning of the year	\$ 642	\$ 363
Transfer from Operations	258	279
Transfer to Operating Reserve	(675)	
Balance at the end of the year	<u>\$ 225</u>	<u>\$ 642</u>
 SPECIAL RESERVE		
Balance at beginning of year	\$ 4,500	\$ -
Transfer from Operations	2,000	4,500
Balance at the end of the year	<u>\$ 6,500</u>	<u>\$ 4,500</u>

The accompanying notes form an integral part of the financial statements.

WORKERS' COMPENSATION BOARD (Northwest Territories)

Statement of Cash Flows
for the year ended December 31, 1998
(thousands of dollars)

	<u>1998</u>	<u>1997</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Cash received from:		
Employers, for assessments	\$ 21,500	\$23,350
Investment revenue - short term	125	77
	<u>21,625</u>	<u>\$23,427</u>
Cash paid to:		
Claimants or third parties on their behalf	\$ 14,131	\$ 14,946
Suppliers, for administration and other goods and services	11,156	9,222
	<u>\$ 25,287</u>	<u>\$ 24,168</u>
Net cash provided by operating activities	<u>\$ (3,662)</u>	<u>\$ (741)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Transfers to investment managers	\$ (16,268)	\$ (6,178)
Transfers from investment managers	18,741	5,224
Purchases of capital assets	<u>(470)</u>	<u>(1,139)</u>
Net cash provided (used) by investing activities	<u>\$ 2,003</u>	<u>\$ (2,093)</u>
Net increase (decrease) in cash and cash equivalents	\$ (1,659)	\$ (2,834)
Cash and short term investments, beginning of year	<u>\$ 2,965</u>	<u>\$ 5,799</u>
Cash and short term investments, end of year	<u><u>\$ 1,306</u></u>	<u><u>\$ 2,965</u></u>

The accompanying notes form an integral part of the financial statements.

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1998

1. Authority, Mandate and Operations

The Workers' Compensation Board (the Board) was established by, and is responsible for the administration of the *Workers Compensation Act*. Effective April 16, 1996, the Board also assumed responsibility for safety enforcement under the *Mine, Health and Safety Act*, the *Safety Act* and the *Explosives Use Act*.

The mandate of the Board is to protect workers against the result of work injury. The Board provides compensation for injury or death by accident arising out of, and in the course of, employment. Assessments required to meet the costs of compensation, pension awards and administration are levied upon employers on the basis of a percentage of their assessable payroll. In addition, the mandate of the Board includes accident prevention. The Prevention Services Division is responsible for developing safety awareness and for monitoring safety in the workplace.

The Nunavut Act will create the Nunavut Territory effective April 1, 1999, resulting in the division of the Northwest Territories. The Government of the Northwest Territories has negotiated a Transition Agreement to allow the Workers' Compensation Board to remain as a single entity serving both territories until December 31, 2002.

2. Accounting Policies

The significant accounting policies are as follows:

(a) Accounts receivable and payable

Fair value approximates carrying value as these amounts are short term.

(b) Investments

Equity investments are valued using a moving average market value method, using a five year amortization of gains and losses that arise on the sale of investments, or that arise as a result of changes in the market value of those investments.

Fixed term investments are recorded at cost at the time of purchase. The realized gain or loss on the sale of an investment is amortized over the remaining period to maturity of the investment, based on the average period for these securities disposed of during the year. For pooled funds, the amortization period is five years.

Investments denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the end of the year. Income is translated at the rate in effect at the time of receipt.

Exchange gains and losses resulting from the translation of foreign currency balances and transactions are amortized into investment income over a five year period.

The Board's international investment manager uses derivative financial instruments to manage operating exposure to foreign exchange fluctuations. These contracts are carried on a market value basis. Premiums paid or received on these instruments are treated as revenue at the time of purchase. Net receipts or payments are recognized in income on an accrual basis in the same period and the same financial statement category to which the contract is related.

WORKERS' COMPENSATION BOARD (Northwest Territories)

Notes to Financial Statements
for the year ended December 31, 1998

(c) Property and equipment

Property and equipment are recorded at cost and amortized over their estimated useful life under the straight-line method as follows:

* Furnishings	10 years
* Equipment	5 years
* Leasehold improvements and office space (leased)	Over the term of the lease

Assets recorded as capital leases are amortized on the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest.

(d) Administration and general expenses

A portion of administration and general expenses is allocated as claims management costs between current years' claims and prior years' claims based on the proportion of claims expenditures processed. The costs allocated are the direct costs related to the managing of claims, pensions and rehabilitation services.

(e) Benefit Liability

The Benefits Liability is estimated annually using an actuarial valuation and is comprised of:

- i. the future pension liability which represents the present value of future payments in respect of approved pension awards;
- ii. the future claims liability which represents the present value of future payments in respect of medical aid benefits, compensation payments and the capitalized value of future pension awards for all claims arising from accidents occurring prior to the end of the fiscal year; and
- iii. provision for claims management expenses, at 12% of the future claims liability and 3.6% of the future pension liability.

Many assumptions are required in the calculation of the liability, including estimates of future inflation, interest rates and mortality rates. The amount of liability is determined on a basis which allows for future inflationary increases by using a discount rate of 3% per annum. Actual claims expenses are not predictable with certainty and, accordingly, may vary from the actuarial valuation of the liability.

(f) Funding Policy

The funding policy of the Board is to maintain both the future pension liability and the future claims liability at a fully funded level at each year end.

(g) Catastrophe and operating reserves

The catastrophe and operating reserves are maintained to provide a margin of protection against adverse financial experience which could unduly burden future employers. The catastrophe reserve was created by the Board of Directors whereas the operating reserve was created by the *Workers Compensation Act*. Such adverse experience could arise in respect of the following risk:

WORKERS' COMPENSATION BOARD (Northwest Territories)

Notes to Financial Statements

for the year ended December 31, 1998

- i. disasters and catastrophes
- ii. lower than expected investment results
- iii. other unanticipated events such as lower than anticipated assessment revenues or higher than anticipated claims costs.

Assessment rates are adjusted to bring the reserve to its target level over a period of between 2 years and 10 years depending on the margin by which the operating reserve is above or below the target range.

(h) Safety Incentive Rate Reduction reserve

Under the Safety Incentive and Rate Reduction (SIRR) policy, implemented by the Board in 1996 and cancelled effective January 1, 1999, special assessments are levied on employers whose claims costs exceeded assessment revenues over a three year period. These special assessment revenues were transferred to the SIRR reserve. By Board approval, 75% of these revenues were transferred to the operating reserve on December 31, 1998, while the remaining 25% will be used in 1999 to deliver safety programs.

(i) Special reserve

In addition to the Catastrophe and Operating reserves, the Board created a special reserve of \$6,500,000 for the one time impact of events such as division of the Territories, other legislative amendments or court challenges, which are not catastrophic but are beyond the Board's control.

(j) Employee benefits

The Board and its employees, who are deemed to be employees of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Board. These contributions represent the total pension obligation of the Board and are recognized in the accounts on a current basis.

Under the conditions of employment, employees earn employment benefits for annual leave, retirement and severance pay. The costs are accrued as the benefits are earned. Accrued termination benefits are paid upon resignation or retirement of employees.

(k) Assessment revenues

Current year revenues are estimated at February 28 of the following year based on actual payrolls submitted by employers. Adjustments to assessment revenues are accounted for in the year received. An allowance is included in assessments refundable for potential adjustments of current and prior years' payrolls.

WORKERS' COMPENSATION BOARD (Northwest Territories)

Notes to Financial Statements
for the year ended December 31, 1998

3 (a) Cash and Investments

The Board invests in the short term money market. The overall yield of this portfolio is 5.6% at December 31, 1998 (1997 2.7%). All instruments held in short term investments are in high quality debt obligations issued or guaranteed by Canadian, Provincial, or Territorial governments, Canadian Chartered banks or Loan or Trust companies registered in Canada.

The Board's investment policy limits investment in cash and short term investments to a maximum of 10% of the total investment portfolio. Included is C\$244,093 (1997 - \$925,613) in foreign currencies. Fair value approximates carrying value due to their short term nature.

The Board's investment target and actual asset mix at December 31 is as follows:

	(Fair Value)		Actual	
	Maximum	Minimum	1998	1997
Fixed term (including cash & short term)	65%	55%	58.1%	57.2%
Canadian equities	25%	15%	19.6%	21.6%
U.S. equities	12%	8%	11.0%	12.2%
Non Canadian and U.S. equities	12%	8%	11.0%	9.1%
Cash and short term (includes Investments maturing in 1 year)	10%	0%	2.2%	5.1%

(b) Investments

	1998		1997	
	(thousands of dollars)			
	Carrying Value	Fair Value	Carrying Value	Fair Value
Fixed term investments				
Pooled funds	\$ 91,901	\$ 98,640	\$ 84,960	\$ 90,262
Other	48,545	55,092	27,057	33,792
	<u>140,446</u>	<u>153,732</u>	<u>112,017</u>	<u>124,054</u>
Equity investments	83,517	114,204	79,955	109,938
Investments maturing within one year	<u>4,936</u>	<u>4,936</u>	<u>11,122</u>	<u>11,122</u>
TOTAL	<u>\$ 228,899</u>	<u>\$ 272,872</u>	<u>\$ 203,094</u>	<u>\$ 245,114</u>

Included in the carrying values are unamortized gains of \$39,985 for 1998 (1997 - \$38,721).

Fair values for equity investments and marketable fixed term investments are the closing value on the appropriate exchange at December 31.

The maturity periods of the other fixed investment portfolio as at December 31, 1998 are as follows:

	Fair Value
	(thousands of dollars)
One to five years	25,676
Five to ten years	13,021
Over ten years	16,395
	<u>55,092</u>

WORKERS' COMPENSATION BOARD (Northwest Territories)

**Notes to Financial Statements
for the year ended December 31, 1998**

(c) Investment Revenue

	1998		1997	
	(thousands of dollars)			
	Interest/ Dividends Revenue	Gains/ (Losses)	Interest/ Dividends Revenue	Gains/ (Losses)
Fixed term investments	10,668	\$ 3,019	\$ 9,264	\$ 2,096
Equity investments	2,230	11,985	2,798	10,234
Investments maturing within one year	436	-	219	-
TOTAL	<u>\$ 13,334</u>	<u>\$ 15,004</u>	<u>\$ 12,281</u>	<u>\$ 12,330</u>
Total Investment Revenue		\$ 28,338		\$ 24,611
Less: Investment Fees		(910)		(759)
Add: Interest on Cash and Short Term Investments		125		77
Total Investment Revenue		<u>\$ 27,553</u>		<u>\$ 23,929</u>

Investments are managed by the Board's external investment managers. The market yield of the portfolio (as provided by our performance measurement service) is as follows:

	<u>1998</u>	<u>1997</u>
Fixed term investments	9.1%	10.3%
Foreign equities	25.9%	24.0%
Canadian equities	4.0%	22.6%

(d) Foreign Currency Balances

The Board has assets in U.S. dollars and other currencies. In addition, the board has derivative financial instruments (DFI) denominated in various currencies. The purpose of these derivative financial instruments is to optimize yields for the Board, while sustaining acceptable levels of risk.

The only derivative financial instruments used are forward foreign exchange contracts, which all mature within 90 days of the year end. The total unrealized losses at December 31, 1998 are \$104,440 (1997 - \$10,734) which is included in gains and losses of the corresponding investments in accordance with the investment policy (note 2(b)).

WORKERS' COMPENSATION BOARD (Northwest Territories)

Notes to Financial Statements
for the year ended December 31, 1998

The following chart shows where the Board has limited its exposure to foreign currency risk:

(thousands of dollars)

Currency	Total Investments in \$Cdn (fair value)	DFI	1998 Net Exposure	1997 Net Exposure
United States dollar	\$ 31,165	\$ -	\$ 31,165	31,311
Australian dollar	1,333	-	1,333	1,337
Danish krone	199	-	199	-
French franc	2,489	-	2,489	544
Deutsche mark	2,869	(222)	2,647	1,249
Hong Kong dollar	-	-	-	395
Indonesian rupiah	-	-	-	231
Irish pound	-	-	-	231
Italian lira	825	-	825	415
Japanese yen	4,480	(2,594)	1,886	2,396
Malaysian ringgit	32	-	32	130
Mexican peso	48	-	48	176
Netherlands guilder	2,930	-	2,930	1,830
Phillipine peso	59	-	59	59
Portuguese escudo	88	-	88	38
Pound sterling	9,442	(727)	8,715	6,597
Singapore dollar	653	-	653	977
Spanish peseta	558	-	558	319
Swiss franc	3,996	(707)	3,289	1,885
Thailand baht	133	-	133	-
Totals	\$ 61,299	\$ (4,250)	\$ 57,049	\$ 50,120

WORKERS' COMPENSATION BOARD (Northwest Territories)

Notes to Financial Statements
for the year ended December 31, 1998

4. Property and Equipment

	1998		1997	
	Cost	Accumulated Amortization (thousands of dollars)	Cost	Accumulated Amortization
Furnishings	\$ 1,754	\$ 1,405	\$ 1,505	\$ 1,168
Equipment - Purchased	466		249	-
Leasehold improvements	2,508	624	2,503	458
Office space - Leased	4,242	1,857	4,242	1,645
	<u>\$ 8,970</u>	<u>\$ 3,886</u>	<u>\$ 8,499</u>	<u>\$ 3,271</u>
Less accumulated amortization	<u>\$ (3,886)</u>		<u>\$ (3,271)</u>	
Net Book Value	<u>\$ 5,084</u>		<u>\$ 5,228</u>	

5. Leases

(a) Capital Lease Obligations

The Board is committed to payments of \$435,765 per annum under a 13 year office space lease agreement which is based on an implicit interest rate of 8% and expires in 2010. The Board is also responsible for a proportional share of operating and maintenance expenses based on its share of space occupied. Fair value approximates carrying value of the liability.

	(thousands of dollars)
Nominal Value of Payments	\$ 4,940
Less: Imputed interest at 8%	(1,700)
Lease Obligation	<u>3,240</u>

(b) Operating Lease

The office space lease agreement was amended in 1996 to add office space in the same building. The costs for the additional space are treated as an operating lease in the financial statements as the lease is for a five year term with no guaranteed renewal payments. The Board is committed to payments of \$152,588 per annum until August 13, 2001. The Board is also responsible for a proportional share of operating and maintenance expenses based on its share of space occupied.

The Board acquired office space in Rankin Inlet and Iqaluit in 1998.

The office space lease agreement for Rankin Inlet is treated as an operating lease as the lease is for a five year term with an option for renewal at prevailing market rent for an additional five-year term. The Board is committed to payments of \$87,996 per annum until June 30, 2003.

The office space lease agreement for Iqaluit is treated as an operating lease as the lease is for a five year term with an option for renewal at market rent for an additional five year term. The Board is committed to payments of \$81,183 per annum until July 31, 2003.

WORKERS' COMPENSATION BOARD (Northwest Territories)

**Notes to Financial Statements
for the year ended December 31, 1998**

6. Benefits Liability

	1998						1997
	(thousands of dollars)						
	Medical Aid	Compensation	Pension Capitalization	Pension Awards	Total	Total	
Balance, Beginning of Year	\$ 16,696	\$ 16,721	\$ 24,383	\$ 104,225	\$ 162,025	\$ 159,406	
Claims Expenses							
Current year	4,380	6,592	6,041	159	17,172	17,619	
Prior year	(155)	(3,421)	(3,218)	11,599	4,805	(2,238)	
Liability transfer - capitalizations	-	-	(4,344)	4,344	-	-	
Actuarial Revaluation	-	-	-	-	-	5,033	
Recoveries from third parties	-	23	-	-	23	522	
	<u>20,921</u>	<u>19,915</u>	<u>22,862</u>	<u>120,327</u>	<u>184,025</u>	<u>180,342</u>	
Less: Claims payments made							
Current year injuries							
Claims payments	638	967	-	4	1,609	2,059	
Claims management	949	1,438	-	6	2,393	2,188	
Prior years' injuries							
Claims payments	2,687	2,515	-	7,702	12,904	13,149	
Claims management	322	302	-	277	901	921	
	<u>4,596</u>	<u>5,222</u>	<u>-</u>	<u>7,989</u>	<u>17,807</u>	<u>18,317</u>	
Balance, End of Year	<u>\$ 16,325</u>	<u>\$ 14,693</u>	<u>\$ 22,862</u>	<u>\$ 112,338</u>	<u>\$ 166,218</u>	<u>\$ 162,025</u>	

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1998

7. Actuarial Valuation

The benefits liability has been verified by an independent actuary.

8. Catastrophe and Operating Reserve

The Board is fully funded at the end of 1998 to meet its obligations for the future pension and future claims liability.

The target level for the catastrophe reserve, set by the Board, provides for the average cost of a disaster. The target level of the reserve at the end of 1998 is \$18,000,000 (1997 - \$9,800,000).

The target level for the operating reserve is based on a number of factors relating to the financial risks which could impact on the financial position of the board. A range of 75% to 125% of the target level has been set as a target range. The target level at the end of 1998 is \$4,700,295 and the target range is \$3,525,221 to \$5,875,369.

The funding policy of the Board provides for discounts on assessment rates when the operating reserve exceeds its target range. In 1998, a discount of 5% (1997- 6%) was applied to assessment rates.

9. Contingencies

(a) Widow's Pensions

Under current legislation, widows' pension payments terminate after remarriage. An allowance of \$3,534,000 for continuation of pensions to widows currently receiving pensions who remarry is included in the Benefits Liability. A opinion from the Board's legal counsel and recent litigation in other provinces suggests that the actual liability could be higher. The amount of any additional liability cannot be determined at this time.

(b) Legal Claims

The Board has a number of legal claims outstanding for recovery of compensation expenses from third parties. These claims are not recorded in the accounts because of their contingent nature. In the opinion of management and the Board's legal representatives, it is expected that the Board could recover approximately \$682,000 (1997 - \$696,538). Settlement of legal claims are recognized in the year in which the settlement occurs. Legal claims settled during 1998 resulted in recoveries of \$22,895 (1997 - \$522,000).

The Board has commenced an action against third parties as a result of the deaths of nine miners in an explosion on a worksite. At this time potential recoveries cannot be determined.

WORKERS' COMPENSATION BOARD (Northwest Territories)
Notes to Financial Statements
for the year ended December 31, 1998

10. Uncertainty due to the Year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after January 1, 2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Board's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Board, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

11. Related Party Transactions

(a) The following table summarizes the Board's assessments revenue from related parties entered into in the normal course of operations in 1998.

	1998 (thousands of dollars)	1997
Government of the Northwest Territories	\$ 1,613	\$ 1,537
Public Agencies	\$ 260	\$ 255

(b) The Government of the Northwest Territories provided a reimbursement to the Board for hunters and trappers claims of \$1,175,252 (1997 - \$461,496).

(c) On April 16, 1996 the Government of the Northwest Territories transferred responsibility for the administration and enforcement of the *Safety Act*, *Explosive Use Act*, and *Mine Health and Safety Act* from the Government of the Northwest Territories to the Board.

The Government will be compensating the Board for part of the cost of the transfer from April 16, 1996 to March 31, 1999 as shown below. Additional and future costs will be covered from employer assessments. The estimated annual costs of administering these programs is \$2,100,000.

April 16, 1996 - March 31, 1997 - 75% of the agreed cost
April 1, 1997 - March 31, 1998 - 50% of the agreed cost
April 1, 1998 - March 31, 1999 - 25% of the agreed cost

WORKERS' COMPENSATION BOARD (Northwest Territories)

Notes to Financial Statements
for the year ended December 31, 1998

Amounts received as contributions are as follows:

	<u>1998</u>	<u>1997</u>
	(thousands of dollars)	(thousands of dollars)
Revenue	\$ 607	\$ 1,077
Deferred revenue	115	240
Total paid in 1998	<u>\$ 722</u>	<u>\$ 1,317</u>

(d) The Board's investments include bonds (at market value) of:

	<u>1998</u>	<u>1997</u>
	(thousands of dollars)	(thousands of dollars)
Government of the Northwest Territories		
11.00% maturing June 23, 1998	\$ -	\$ 152
Northwest Territories Power Corporation		
11.00% maturing March 9, 2009	\$ 663	\$ 666
11.125% maturing June 6, 2011	\$ 1,382	\$ 1,382
9.375% maturing May 12, 2014	\$ 1,252	\$ 1,248
Northwest Territories Legislative Assembly Building Society		
13.00% Series A, maturing August 31, 2013	\$ 609	\$ 609

(e) In addition to those related party transactions disclosed elsewhere in these financial statements, the Board is related to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Board enters into transactions with these entities in the normal course of business.

12. Comparatives

Certain comparative amounts have been reclassified to be consistent with the current year.

WORKERS' COMPENSATION BOARD (Northwest Territories)

Schedule of Administration and General Expenses

for the year ended December 31, 1998

	<u>1998</u>	<u>1997</u>
	(thousands of dollars)	
Salaries, wages and allowances	5,912	\$ 5,414
Professional services	1,975	1,672
Office lease and renovations	939	878
Travel	817	671
Employer's share of benefits	760	785
Amortization office space/leasehold	379	231
Board Members	344	404
Communications	248	275
Amortization furnishings and equipment	236	192
Office services and supplies	233	200
Office furnishings and equipment (non-capital)	138	154
Advertising and public information	129	128
Grants	63	122
Miscellaneous	27	44
Computer lease and services	3	22
	<u>\$ 12,203</u>	<u>\$ 11,192</u>
Less:		
Allocations to claims management	3,294	3,109
	<u><u>\$ 8,909</u></u>	<u><u>\$ 8,083</u></u>

**Public Trustee for the
Northwest Territories**

Financial Statements

**for the year ended
March 31, 1999**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Public Trustee for the Northwest Territories is responsible for the preparation, integrity and objectivity of the financial statements. The financial statements have been prepared in accordance with generally accepted accounting principles considered appropriate in the circumstances. Where appropriate, the preparation of financial information contained in this report includes estimates and judgements based on careful consideration of information available to management.

The Public Trustee for the Northwest Territories has developed and maintained books of account, records, financial and management controls and management practices. These are designed to provide reasonable assurance as to the reliability of financial information in accordance with the Public Trustee Act.

It is the responsibility of the auditors to provide an independent, objective audit for the purpose of expressing their opinion on the financial statements.

Public Trustee for the Northwest Territories

June 4, 1999

AUDITORS' REPORT

Commissioner

We have audited the Balance Sheet of the Estate and Trust Fund as at March 31, 1999 and the Statements of Operations and Changes in Fund Balance for the year then ended. These financial statements are the responsibility of the Office of the Public Trustee. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly in all material respects, the financial position of the Fund as at March 31, 1999, the results of operations and the changes in the Estate and Trust Fund Balance for the year then ended in accordance with accounting policies of the Public Trustee as outlined in Note 2 to the financial statements and as required by the Public Trustee Act and Regulations.

We further report that in our opinion, proper books of account have been kept by the Public Trustee, the financial statements are in agreement therewith and the transactions that have come under our notice have in all significant respects, been within the statutory powers of the Public Trustee.

AVERY, COOPER & CO.
Certified General Accountants
Yellowknife, N.W.T.

June 4, 1999

STATEMENT I

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND**

BALANCE SHEET

March 31, 1999

ASSETS

	<u>1999</u>	<u>1998</u>
Cash (Note 3)	\$4,609,123	\$4,743,389
Other assets at nominal value	<u>1</u>	<u>1</u>
	<u>\$4,609,124</u>	<u>\$4,743,390</u>

LIABILITIES

Undistributed Common Fund earnings per Statement II (Note 4)	\$ 91,138	\$ 74,058
Estate and Trust Fund per Statement III (Note 5)	<u>4,517,986</u>	<u>4,669,332</u>
	<u>\$4,609,124</u>	<u>\$4,743,390</u>

APPROVED:

Larry Pontus

Public Trustee for the Northwest Territories

See the accompanying notes.

STATEMENT II

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND**

STATEMENT OF OPERATIONS

For the year ended March 31, 1999

	<u>1999</u>	<u>1998</u>
Undistributed Common Fund earnings, opening	\$ 74,058	\$ 77,131
Add		
Common Fund earnings	<u>232,729</u>	<u>163,420</u>
	<u>306,787</u>	<u>240,551</u>
Less		
Interest paid to estates and trusts	150,195	121,732
Management fees	46,629	41,688
Excess interest paid to the Government of the Northwest Territories	18,825	1,945
Miscellaneous accounts	<u>-</u>	<u>1,128</u>
	<u>215,649</u>	<u>166,493</u>
Undistributed Common Fund earnings, closing	<u>\$ 91,138</u>	<u>\$ 74,058</u>

See the accompanying notes.

**PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES
ESTATE AND TRUST FUND**

**STATEMENT OF CHANGES IN ESTATE AND TRUST
FUND BALANCE**

For the year ended March 31, 1999

	<u>1999</u>	<u>1998</u>
Estate and trust funds provided:		
Estate and trust assets received	\$1,317,370	\$1,839,252
Common Fund interest paid to estates and trusts	<u>150,195</u>	<u>121,732</u>
	<u>1,467,565</u>	<u>1,960,984</u>
 Estate and trust funds applied:		
Payments to beneficiaries	1,320,751	1,091,607
Disbursements made on behalf of estates and trusts	210,359	203,406
Administration fees	80,087	85,793
GST on Administration fees	5,606	6,005
Court fees	<u>2,108</u>	<u>4,940</u>
	<u>1,618,911</u>	<u>1,391,751</u>
 Increase (Decrease) in Estate and Trust Fund balance	 (151,346)	 569,233
 Estate and Trust Fund balance, opening	 <u>4,669,332</u>	 <u>4,100,099</u>
 Estate and Trust Fund balance, closing	 <u><u>\$4,517,986</u></u>	 <u><u>\$4,669,332</u></u>

See the accompanying notes.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1999

NOTE 1 AUTHORITY

The Public Trustee operates under the authority of the Public Trustee Act, Revised Statutes of the Northwest Territories 1988, Chapter P-19 as amended.

NOTE 2 ACCOUNTING POLICIES

- a) These financial statements have been prepared on the cash basis of accounting except as otherwise stated.
- b) All Estate and Trust Fund assets other than cash, which include business interests, mortgages, stocks, bonds, term deposits, real estate and other assets, are carried at a nominal value of one dollar (\$1).
- c) Expenditures for the operation of the Office of the Public Trustee are paid from the Consolidated Revenue Fund of the Government of the Northwest Territories and, except for \$145,540 (1998 - \$129,426) paid to the Consolidated Revenue Fund as administration fees, management fees, and the transfer of interest earned, are not reflected in these financial statements.

NOTE 3 CASH IN BANK

The Office of the Public Trustee is a member of the Government of the Northwest Territories investment pool.

The Government of the Northwest Territories consolidates and invests the cash balances of all investment pool participants in money market securities. The monies for these investments flow out of the Government of the Northwest Territories main revenue account and accordingly do not affect the cash balances of the participants. Investment pool revenues are prorated and paid to participants weekly.

NOTE 4 UNDISTRIBUTED COMMON FUND EARNINGS

Common Fund earnings are distributed half-yearly, on April 30 and October 31 each year, as interest paid to estates and trusts, management fees and excess interest paid to the Government of the Northwest Territories.

Interest earned on the Common Fund is utilized to pay prescribed interest on estates and trusts, prescribed management fees and any deficiency between the aggregate amount of sums invested in the Common Fund and the actual value of the investments of the Common Fund. Where the interest earned on investment of the Common Fund exceeds the amount required to make these payments, the excess is paid to the Consolidated Revenue Fund of the Government of the Northwest Territories.

The balance of Undistributed Common Fund earnings represents the cumulative earnings of the Common Fund between November 1 and March 31 which will be distributed on April 30 of the next fiscal year.

PUBLIC TRUSTEE FOR THE NORTHWEST TERRITORIES

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1999

NOTE 5 ESTATE AND TRUST FUND

The Estate and Trust Fund reflects all known assets of the estates and trusts administered by the Public Trustee. The Estate and Trust Fund is comprised of the following amounts:

	<u>1999</u>	<u>1998</u>
Common Fund	\$4,517,985	\$4,669,331
Other assets, at nominal value	<u>1</u>	<u>1</u>
	<u>\$4,517,986</u>	<u>\$4,669,332</u>

NOTE 6 SUBSEQUENT EVENT

The creation of Nunavut effective April 1, 1999 resulted in the transfer of responsibility for all Nunavut files to the Public Trustee for Nunavut. To facilitate this transition, the Public Trustee for the Northwest Territories has been appointed by the Government of Nunavut, under its Public Trustee Act, as its Public Trustee. The administration of all Nunavut files is provided under service contract with the Government of the Northwest Territories.

This event is not anticipated to result in any significant impact on the operations of the Public Trustee for the Northwest Territories.

NOTE 7 UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the entity, including those related to the efforts of clients, suppliers, or other third parties, will be fully resolved.

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**Legislative Assembly Retiring
Allowance Fund**

Financial Statements

**for the year ended
March 31, 1999**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Legislative Assembly Retiring Allowance Fund

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. They have been prepared in accordance with generally accepted accounting principles. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibility for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Board's management recognizes its responsibility for conducting the Fund's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate.

The Auditors annually provide an independent, objective audit for the purpose of expressing an opinion on the financial statements in accordance with generally accepted auditing standards. The auditor also considers whether the transactions that come to his notice in the course of this audit are, in all significant respects, in accordance with specified legislation and directives from the NWT Legislative Assembly.

The Coles Hewitt group, an independent firm of consulting activities, has been engaged to provide an opinion on the adequacy and appropriation of actuarial valuations of accrued pension benefits of the board.

On behalf of the Management and Services Board

Sam Gargan
Chair

David M. Hamilton
Secretary

September 3, 1999

AUDITORS'REPORT

To the Management and Services Board
Legislative Assembly Retiring Allowance Fund

We have audited the Balance Sheet of the Legislative Assembly Retiring Allowance Fund as at March 31, 1999, the Statement of Changes in Net Assets Available for Benefits for the year then ended and the Statement of Obligations for Pension Benefits as at March 31, 1999. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly in all material respects the financial position of the Fund as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

AVERY, COOPER & CO.
Certified General Accountants
Yellowknife, NT

September 3, 1999

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

BALANCE SHEET

March 31, 1999

	<u>1999</u>	<u>1998</u>
ASSETS		
CURRENT		
Accrued Investment Income	4,541	4,541
Accounts Receivable	<u>1,241</u>	<u>11,755</u>
	5,782	16,296
INVESTMENTS		
Retiring Allowance Fund (Notes 2 and 3)	<u>16,109,287</u>	<u>15,816,519</u>
	<u>\$ 16,115,069</u>	<u>\$ 15,832,815</u>

LIABILITIES

CURRENT		
Accounts Payable	\$ 12,513	\$ 13,237

FUND BALANCE

RETIRING ALLOWANCE FUND BALANCE

Net Assets Available for Benefits (per page 204)	<u>16,102,556</u>	<u>15,819,578</u>
	<u>\$16,115,069</u>	<u>\$15,832,815</u>

APPROVED

Sam Gargan _____ Director

David Hamilton _____ Director

See the accompanying notes.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended March 31, 1999

	<u>1999</u>	<u>1998</u>
INCREASE IN ASSETS		
Contributions	\$ 36,333	\$ 129,294
Interest and Dividends	<u>889,769</u>	<u>1,091,436</u>
	926,102	1,220,730
Current Period Change in Fair Market Value of Investments	<u>(197,422)</u>	<u>2,065,711</u>
Total Increase in Assets	<u>728,680</u>	<u>3,286,441</u>
DECREASE IN ASSETS		
Benefits		
Pension Payments	380,673	553,268
Administrative		
Actuary Fees	<u>65,029</u>	<u>72,237</u>
Total Decrease in Assets	<u>445,702</u>	<u>625,505</u>
INCREASE IN NET ASSETS	282,978	2,660,936
NET ASSETS AVAILABLE FOR BENEFITS		
- BEGINNING OF YEAR	<u>15,819,578</u>	<u>13,158,642</u>
- END OF YEAR	<u>\$ 16,102,556</u>	<u>\$15,819,578</u>

See the accompanying notes.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

STATEMENT OF OBLIGATIONS FOR PENSION BENEFITS

March 31, 1999

	<u>1999</u>	<u>1998</u>
ACTUARIAL PRESENT VALUE OF DEFINED BENEFITS		
Active Members	\$ 2,699,000	\$ 2,083,000
Pensioners	<u>7,734,000</u>	<u>7,528,000</u>
Total Ongoing Plan Liabilities (Note 4)	10,433,000	9,611,000
ACTUARIAL VALUE OF NET ASSETS AVAILABLE FOR BENEFITS		
Net Assets available for benefits (per page 204)	<u>16,102,556</u>	<u>15,819,578</u>
EXCESS OF ACTUARIAL VALUE OF NET ASSETS OVER ACTUARIAL PRESENT VALUE OF DEFINED BENEFITS	<u>\$ 5,669,556</u>	<u>\$6,208,578</u>

See the accompanying notes.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1999

NOTE I DESCRIPTION OF PLANS

a) General

The fund was established pursuant to the Legislative Assembly Retiring Allowances Act and is administered by the Management and Services Board. The Act provides retiring allowances on a contributory, defined benefit basis to Members of the Legislative Assembly of the Northwest Territories who have been Members at any time for six or more years prior to October 16, 1995 or four or more years after October 16, 1995, commencing March 10, 1975, the date of the first fully elected Legislative Assembly.

- b) The following description of the Legislative Assembly Retiring Allowance Plan is a summary only. For more complete information, reference should be made to the Plan agreement.

1) Funding Policy

The Legislative Assembly Retiring Allowance Act requires that the plan sponsor, the Government of the Northwest Territories, must fund the benefits determined under the Plan. The determination of the value of these benefits is made on the basis of a triennial actuarial valuation for the fund (See Note 4).

In accordance with the Trust agreement, Plan members are required to contribute 6.5% of their salary and per diem allowances to the Plan. Employer contributions required are equal to the amount certified by the Actuary as being necessary to fully fund the benefits accruing under the Plan, less the amount of required employee contributions. Any surplus existing in the Plan may be used to reduce the required employer contributions. Any deficit existing in the Plan must be specifically funded in accordance with the requirements of the Pension Benefits Standards Act.

2) Normal Retirement Age

- a. Service Prior to 1992

- Age 55

- b. Service After 1991

The earliest of:

- age 60

- 30 years of service

- age plus service equals 80

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1999

NOTE 1 DESCRIPTION OF PLANS - cont'd

3) Retirement Pension

A retirement pension is payable to a member, based on 2% of the average best earnings over four consecutive years as an MLA multiplied by Credited Service as an MLA.

PLUS

2% of the average best earnings over four consecutive years in each positions of Minister, Speaker or Chairperson multiplied by Credited Service for each position. A position must be held for at least one year for a pension to be paid, and the pension for each position is calculated separately.

4) Early Retirement

A member may retire at any time upon ceasing to be a member of the Assembly. A Member retiring prior to Normal Retirement Age shall receive:

a. Service prior to 1992

A pension which is actuarially equivalent to the pension calculated as if the member was age 55.

b. Service after 1991.

A pension which is reduced by .25% for each month a member retires before the Normal Retirement Age.

5) Late Retirement

Up to age 69.

6) Maximum Allowance

For benefits earned after 1991, the annual retirement pension payable shall not exceed the lessor of:

- a. the defined limit as prescribed under the Income Tax Act of Canada for the year in which the pension commences, times the years of credited service after 1991 or
- b. 2% of the average annual indexed pensionable remuneration, times the years of credited service after 1991.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1999

NOTE 1 DESCRIPTION OF PLANS - cont'd

7) Form of Pension

a. Service Prior to 1992

The normal form of payment is a joint and 75% survivor pension reducing on the death of the Member.

Each dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 25% of the retirement pension (to a maximum total of 100%) will be paid to each dependent.

b. Service After 1991

The normal form of payment for service after 1991 is a joint and 66-2/3% survivor pension reducing on the death of the Member with a guarantee of 100% of the first 60 monthly payments in any event.

Each Dependent will receive a pension of 10% of the retirement pension (to a maximum total of 25%) if the spouse survives. If there is no surviving spouse, a benefit of 100% shall be divided by the number of children for the first 60 monthly payments after the Member's pension commencement and then 25% of the benefit thereafter.

8) Increases in Pension

Pensions in pay and deferred pensions are increased every January 1st based on increases in the Consumer Price Index up to the preceding September 30th.

9) Pre-Retirement death Benefits

If a Member or Former Member dies before retirement and is not eligible to receive a pension, his accumulated contributions with interest will be returned to the beneficiary. If he was eligible to receive a pension, it will be assumed that the Member retired on the day preceding his death and elected the normal form of pension.

10) Withdrawal Benefits

A Member who terminates with four or more years of service or serves at least one full term as a Member of the Assembly is entitled to a retirement pension. All other Members who terminate will receive a lump sum payment of their accumulated contributions with interest.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1999

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

- a) These financial statements are prepared on the going concern basis and present the aggregate financial position of the Plan as a separate financial reporting entity independent of the sponsor and plan members. The financial statements are prepared to assist plan members and others in reviewing the activities of the Plan for the fiscal period but they do not portray the funding requirements of the plan nor the benefit security of individual plan members.
- b) Contributions are recognized in the accounts on an accrual basis based on earnings as reported by the members' employers.
- c) Pension and termination benefits are shown as expenditures in the year of payment.
- d) Investments for the Legislative Assembly Retiring Allowance Fund are stated at fair market value.

NOTE 3 INVESTMENTS - RETIRING ALLOWANCE FUND

	<u>1999</u>	<u>%</u>	<u>1998</u>	<u>%</u>
<u>Funds Managed by Investment Counsellors</u>				
Cash and Cash Equivalents	37,717	0.2	27,456	0.2
RT Capital Balance Fund (Cost \$12,496,915; 1998-\$11,833,114)	15,555,100	96.6	15,260,066	96.5
Confederation Life Real Estate Board (Cost \$49,873; 1998-\$143,749)	68,095	0.4	80,622	0.5
NWT Legislative Assembly Building Society Series				
A Bonds (Cost \$389,338; 1998-\$396,602)	448,375	2.8	448,375	2.8
	<u>\$ 16,109,287</u>	<u>100</u>	<u>\$15,816,519</u>	<u>100</u>

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1999

NOTE 4 OBLIGATIONS FOR PENSION BENEFITS

The present value of accrued pension benefits was determined using the projected accrued benefit method prorated on service and the plan administrator's best estimate assumptions. The most recent actuarial valuation was made as of April 1, 1996 by the Coles Hewitt group, a firm of consulting actuaries. This actuarial valuation report was prepared to March 31, 1999 using the projected accrued benefit actuarial cost method (also known as the projected unit credit method), prorated on service. The report was prepared in accordance with accepted actuarial practice and in accordance with Section PS3250 of the CICA Public Sector Accounting and Auditing Handbook.

The principal components of changes in actuarial present values during the year were as follows:

Actuarial present value of accrued pension benefits	
- beginning of year :	\$ 9,611,000
Interest accrued on benefits	787,000
Benefits accrued	416,000
Benefits paid	<u>(381,000)</u>
Actuarial present value of accrued pension benefits	
- end of year :	<u>\$10,433,000</u>

The assumptions used in determining the actuarial value of accrued pension benefits were developed by reference to expected long-term market conditions. Significant long-term actuarial assumptions used in the market valuation were:

	<u>1999</u>	<u>1998</u>
Asset rate of return	8.0%	8.0%
Rate of salary increase	5.0%	5.0%

The actuarial value of net assets available for benefits was determined based on market value on March 31, 1999.

NOTE 5 SUBSEQUENT EVENT

Effective April 1, 1999 the Northwest Territories was divided into two territories, the Northwest Territories and a new territory, Nunavut.

This division has caused ten members to be terminated from the plan effective April 1, 1999. The effect of this division will be reflected in the 1999/2000 pension related expenditure, and does not impact the current year's operations.

LEGISLATIVE ASSEMBLY RETIRING ALLOWANCE FUND

NOTES TO THE FINANCIAL STATEMENTS

March 31, 1999

NOTE 6 UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

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**Northwest Territories
Housing Corporation**

Financial Statements

**for the year ended
March 31, 1999**

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MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Honourable Floyd Roland
Minister Responsible for the
Northwest Territories Housing Corporation

The accompanying financial statements have been prepared by management, which is responsible for the reliability, integrity and objectivity of the information provided. The statements have been prepared in accordance with generally accepted accounting principles in Canada. Where necessary the statements include amounts that are based on informed judgements and estimates by management, giving appropriate consideration to reasonable limits of materiality.

In discharging its responsibilities for the integrity and fairness of the financial statements and for the accounting systems from which they are derived, management maintains the necessary system of internal controls designed to provide assurance that transactions are authorized, assets are safeguarded and proper records are maintained. These controls include quality standards in hiring and training employees, written policies and procedures manuals, and accountability for performance within appropriate and well-defined areas of responsibility. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles, and for maintaining standards of conduct that are appropriate to a Territorial Crown Corporation.

The independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and the English and French versions of the financial statements of the Corporation and for issuing his report thereon in English and in French. The Auditor General of Canada does not audit the Inuktitut version of the financial statements.

D.J. (Dave) Murray
President

J.B. (Jeff) Anderson, CGA
Chief Financial Officer
Finance and Corporate Services

Yellowknife, NT
July, 1999

AUDITOR'S REPORT

To the Minister responsible for the
Northwest Territories Housing Corporation

I have audited the balance sheet of the Northwest Territories Housing Corporation as at March 31, 1999 and the statements of operations, equity, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Corporation and the financial statements are in agreement therewith and the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations and *Northwest Territories Housing Corporation Act* and regulations.

Donald M. Young, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 25, 1999

NORTHWEST TERRITORIES HOUSING CORPORATION

Balance Sheet as at March 31, 1999

1999 1998
(thousands of dollars)

ASSETS

Current			
Cash	\$	957	\$ 1,975
Short-term investments (Note 3)		25,314	24,091
Accounts receivable			
Government of the Northwest Territories		2,366	166
Canada Mortgage and Housing Corporation		1,328	5,338
Other		2,724	1,330
		<u>32,689</u>	<u>32,900</u>
Investment in housing projects			
Land and buildings (Note 4)		392,871	407,267
Mortgages receivable (Note 5)		12,542	18,942
		<u>405,413</u>	<u>426,209</u>
Property and equipment (Note 6)		8,707	9,292
	\$	<u>446,809</u>	\$ <u>468,401</u>

LIABILITIES

Current			
Accounts payable			
Trade	\$	6,586	\$ 4,034
Local Housing Organizations		1,367	1,004
Accrued interest		1,543	1,567
Due to the Government of the Northwest Territories (Note 7)		4,504	7,393
Unapplied contributions related to Capital (Note 8)		-	828
Contractor's holdbacks		1,120	1,295
Current portion of long-term debt		7,804	6,570
Current portion of leave and termination benefits		729	729
Deferred revenue		-	233
		<u>23,653</u>	<u>23,653</u>
Long-term debt (Note 9)		317,764	325,621
Leave and termination benefits		1,003	598
		<u>342,420</u>	<u>349,872</u>

EQUITY

Government of the Northwest Territories		<u>104,389</u>	<u>118,529</u>
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Contingencies and commitments (Notes 13 and 14)

\$ 446,809 \$ 468,401

Approved by Management:
D.J. (Dave) Murray

J.B. (Jeff) Anderson CGA

President

Chief Financial Officer

The accompanying notes and schedules form an integral part of the financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Operations For the year ended March 31, 1999

	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	(thousands of dollars)
Expenses		
Contributions to local housing organizations for social housing (Schedule I)	\$ 89,717	\$ 85,941
Interest on long-term debt	33,924	34,609
Repairs, maintenance, grants and other costs	44,916	29,512
Amortization	21,042	21,191
Mortgage write down	5,853	18,911
Administration (Schedule II)	15,716	15,526
Provision for impaired mortgages	9,938	12,618
Staff housing	10,427	11,808
	<u>231,533</u>	<u>230,116</u>
Revenues and recoveries		
Recoveries from Canada Mortgage and Housing Corporation (Note 11)	92,528	96,824
Recoveries from the Government of the Northwest Territories for staff housing	10,006	11,808
Gain/(Loss) on disposal of land and buildings	(2,084)	3,673
Mortgage interest revenue	1,597	1,547
Other revenue and recoveries	2,097	3,491
Investment revenue	1,800	1,199
Recovery of prior year grants	1,947	951
	<u>107,891</u>	<u>119,493</u>
Net cost of operations prior to Government of the Northwest Territories contribution	123,642	110,623
Contribution from the Government of the Northwest Territories (Note 7)	<u>93,885</u>	<u>74,289</u>
Net cost of operations (Note 12)	<u>\$ 29,757</u>	<u>\$ 36,334</u>

The accompanying notes and schedules form an integral part of the financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Cash Flow For the year ended March 31, 1999

	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	
Cash flow from operating activities		
Cash received from:		
GNWT	\$ 94,166	\$ 60,364
CMHC	96,538	78,258
Miscellaneous revenue	4,100	5,764
	<u>194,804</u>	<u>144,386</u>
Cash used for:		
Interest charges	33,948	34,633
Contributions to LHOs	89,281	85,941
Repairs, maintenance & grants	44,903	29,997
Administration costs	15,192	17,886
Staff housing costs	10,608	9,264
	<u>193,932</u>	<u>177,721</u>
Net cash provided by operating activities	<u>872</u>	<u>(33,335)</u>
Cash flow from financing activities		
Contribution from GNWT credited to equity	20,021	45,252
Repayment of long term debt	(6,623)	(6,519)
Net cash provided by financing activities	<u>13,398</u>	<u>38,733</u>
Cash flow from investing activities		
Capital expenditures	(20,981)	(45,435)
Mortgage payments received	4,116	4,602
Sale of capital assets	2,800	934
Net cash provided (used) by investing activities	<u>(14,065)</u>	<u>(39,899)</u>
Net increase (decrease) in cash and cash equivalents	205	(34,501)
Cash and short term investments, beginning of year	<u>26,066</u>	<u>60,567</u>
Cash and short term investments, end of year	<u>\$ 26,271</u>	<u>\$ 26,066</u>

The accompanying notes and schedules form an integral part of the financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Statement of Equity For the year ended March 31, 1999

	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	
Balance beginning of year	\$ 118,529	\$ 109,611
Capital contributions funded through equity	(4,404)	-
Net cost of operations	<u>(29,757)</u>	<u>(36,334)</u>
	<u>84,368</u>	<u>73,277</u>
Contributions from the Government of the Northwest Territories		
Capital contributions used for capital expenditures (Note 8)	19,412	44,634
Contributions provided for loan principal repayments of long-term debt (Note 7)	<u>609</u>	<u>618</u>
	<u>20,021</u>	<u>45,252</u>
Balance at end of the year	<u>\$ 104,389</u>	<u>\$ 118,529</u>

The accompanying notes and schedules form an integral part of the financial statements.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

1. Purpose of the organization

The Northwest Territories Housing Corporation, established in 1974 pursuant to the *Northwest Territories Housing Corporation Act*, is a Territorial Crown Corporation named in Schedule B to the Financial Administration Act.

The Corporation is committed to working in partnership with communities and to provide opportunities for communities to become accountable for their own choices and delivery of housing programs. Through this partnership, opportunities are provided to all community residents to have homes that support a healthy, secure, independent and dignified lifestyle. The Corporation's principal objective is to develop, maintain and manage public housing programs in the Northwest Territories.

Pursuant to provisions of the *Northwest Territories Housing Corporation Act*, the Corporation is dependent upon the Government of the Northwest Territories, either directly or indirectly through guarantees, for the funds required to finance the net cost of its operations, for capital projects and the recovery of staff housing expenditures.

The Northwest Territories Housing Corporation is exempt from income tax.

On April 1, 1999, subsequent to the fiscal year end, the Nunavut act came into force. As a result, all operations in Nunavut will be taken over by the Government of Nunavut and its crown corporations. Notwithstanding this significant change in future operations, these financial statements have been prepared on a going concern basis. It is not practical to determine the potential impact on future operations of the two Housing Corporations. Note 16 provides further information about this subsequent event.

2. Significant accounting policies

The Corporation's financial statements are prepared in accordance with generally accepted accounting policies. The significant accounting policies are as follows:

(a) Revenue recognition

Government of the Northwest Territories contributions, which are provided through the Department of the Executive, are restricted in nature, subject to the provisions of Section 20 of the *Northwest Territories Housing Corporation Act* and Part IX of the Financial Administration Act. Accordingly, contributions from the Government of the Northwest Territories are recognized as revenue in the year in which the related expenditures are incurred.

Contributions and recoveries from the Government of the Northwest Territories for operations and maintenance are credited to operations, except for those amounts provided for loan principal repayments which are credited to equity. Capital contributions are credited to equity if used for capital expenditures, or to operations if used for repairs, maintenance, grants and other costs.

Federal contributions, which are provided by Canada Mortgage and Housing Corporation (CMHC), are restricted in nature on the basis of certain provisions in the Social Housing Agreement executed by the Corporation and CMHC. Accordingly, federal contributions are recognized as revenue in the year in which the related expenditures are incurred.

Contributions from Canada Mortgage and Housing Corporation, provided for under the new Social Housing Agreement effective April 1, 1997, are credited to operations.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

2. Significant accounting policies con't

(b) Investment in housing projects - land and buildings

Land and buildings constructed by the Corporation are stated at cost, net of capital funding. Buildings transferred to the NWT Housing Corporation from CMHC are stated at CMHC's book value effective April 1, 1997. Construction in progress includes amounts which may be transferred to land and building for rental or may be transferred to homeowners and a mortgage taken back against the property. These costs include labour, material and freight. Amortization is provided using the following methods and annual rates. The provisions for amortization begin in the year the building is completed or transferred - in and are taken for the full year.

Social housing, senior citizen's housing, lease/purchase housing and staff housing	Declining	5%
Northern rental housing	Straight-line	5%

(c) Investment in housing projects - mortgages receivable

(i) Mortgage write-downs

The Corporation, under section 44(1) of its Act, subsidizes principal and interest payments due from homeowners under the legal terms and conditions of mortgages. These subsidies vary in amount depending on the income of the mortgagees. Subsidies are expensed at the time the decision is made by the Corporation to subsidize a mortgage.

The mortgage receivable balance represents the present value of the expected future payments from the mortgagees, net of an allowance for impaired mortgages.

(ii) Allowance for impaired mortgages

Mortgages are considered impaired when there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. An allowance is established to reduce the recorded value of the mortgage to its estimated realizable value based on the present value of expected payments.

Initial and subsequent changes in the amount of mortgage impairment are recorded through the mortgage provision.

(d) Mortgage interest revenue

Interest income on mortgages is recorded on the accrual basis. When a mortgage becomes impaired, recognition of interest ceases. Thereafter, interest income is recognized on a cash basis, but only after prior write-offs arising from credit losses and the allowance for impairment have been recovered.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

2. Significant accounting policies con't

(e) Property and equipment

Property and equipment are stated at cost. Amortization is provided using the following methods and annual rates:

Office furniture and equipment	Declining balance	20%
Warehouses, office buildings and staff housing	Straight-line	5%

Leasehold improvements are amortized on a straight-line basis over the term of the leases.

(f) Contributions to local housing organizations

Houses owned by the Corporation are operated by local housing associations, authorities, municipalities and bands. The Corporation provides contributions for the annual operating requirements of these local housing organizations. These contributions are recorded on an accrual basis by the Corporation.

(g) Pension contributions

The Corporation and its employees, who are deemed to be employees of the Government of the Northwest Territories, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. Contributions to the Plan are required from both the employees and the Corporation. These contributions represent the total pension obligation of the Corporation and are expensed in the year in which services are rendered. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

(h) Leave and termination benefits

The Corporation accrues in its accounts the estimated liabilities for severance pay, annual leave and overtime-compensatory leave, which are recorded as benefits accrued to the employees.

(i) Measurement uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenditures reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to valuation of social housing and mortgages receivable, the costs of administering staff housing for the Government of the Northwest Territories, and the costs of administering social housing programs for the Canada Mortgage and Housing Corporation.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements March 31, 1999

2. Significant accounting policies con't

(j) New accounting standards

In October 1998, the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants (CICA) issued Handbook Section PS 3800 dealing with government assistance. This section provides recommendations for the accounting of government assistance received by government entities. Government assistance for depreciable capital assets should be deferred and amortized to income over the life of the asset and assistance for non-depreciable capital assets should be accounted for in equity. Presently, legislative appropriations received by the Corporation for depreciable and non-depreciable capital assets are credited to equity of the Government of the Northwest Territories. Management is aware of PS 3800 and intends to fully adopt it in 1999-2000 but it is not practical to implement it this fiscal year. The impact on the balance sheet cannot be determined at this time.

3. Short-term investments

The Corporation invests in the short-term money market. The portfolio yield for the year ended March 31, 1999 varied from 2.50% to 5.50% (1998 - 2.00% to 4.60%). All instruments held in short-term investments have an R-2 high or an AA rating or higher from either the Dominion Bond Rating Service or the Canadian Bond Rating Service. Investments are diversified by limiting them to a maximum of 5% to 50% of the total portfolio and a maximum dollar value of \$10 million depending on the issuer of the investment. There is no significant concentration in any one investment. The average term to maturity is 35 days.

4. Investment in housing projects - land and buildings

	<u>1999</u>			<u>1998</u>
	<u>Cost</u>	<u>Accumulated Amortization</u> (thousands of dollars)	<u>Net</u>	<u>Net</u>
Land	\$ 876	\$ -	\$ 876	\$ 971
Social housing	484,300	135,015	349,285	357,691
Northern rental housing	2,652	2,629	23	728
Senior citizens' housing	27,920	4,324	23,596	8,567
Lease/Purchase housing	21,692	3,487	18,205	17,608
Staff housing	1,003	145	858	1,163
Construction in progress	28	-	28	20,539
	<u>\$ 538,471</u>	<u>\$ 145,600</u>	<u>\$ 392,871</u>	<u>\$ 407,267</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

5. Investments in housing projects - mortgages receivable

	1999	1998
	(thousands of dollars)	
First mortgages, rural and remote housing, bearing interest at rates varying between 0% and 14.25% per annum, repayable over a maximum period of 25 years	\$ 3,224	\$ 3,125
Less: allowance	<u>(2,955)</u>	<u>(2,631)</u>
	<u>269</u>	<u>494</u>
Other mortgages, bearing interest at rates varying between 6% and 14.25% per annum, repayable over a maximum period of 25 years	38,061	33,468
Less: allowance	<u>(26,330)</u>	<u>(17,045)</u>
	<u>11,731</u>	<u>16,423</u>
Interim financing, direct lending and land acquisition loans bearing interest at rates varying between 7.75% and 13.25% per annum, repayable over a maximum period of 25 years	1,172	2,327
Less: allowance	<u>(630)</u>	<u>(302)</u>
	<u>542</u>	<u>2,025</u>
	<u>\$ 12,542</u>	<u>\$ 18,942</u>

The recorded value of those mortgages specifically identified as being impaired is \$ 29,915,000 (1998 - \$19,978,000).

6. Property and equipment

	1999			1998
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
	(thousands of dollars)			
Warehouses	\$ 14,135	\$ 6,587	\$ 7,548	\$ 8,240
Office furniture and equipment	3,312	2,174	1,138	1,009
Staff housing	531	515	16	43
Office buildings	163	163	-	-
Leasehold improvements	5	-	5	-
	<u>\$ 18,146</u>	<u>\$ 9,439</u>	<u>\$ 8,707</u>	<u>\$ 9,292</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

7. Due to the Government of the Northwest Territories

	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	
Balance at beginning of the year	\$ 7,393	\$ 5,438
Repayment	<u>(5,000)</u>	<u>0</u>
	2,393	5,438
Operating contributions	56,320	55,168
Contributions provided for loan principal repayments of long-term debt	(609)	(618)
Capital contributions used for repairs, maintenance, grants and other cost (Note 8)	<u>40,285</u>	<u>21,694</u>
	95,996	76,244
Cost of operations net of unfunded items	<u>93,885</u>	<u>74,289</u>
	<u>2,111</u>	<u>1,955</u>
Balance at end of year	<u>\$ 4,504</u>	<u>\$ 7,393</u>

The Government of the Northwest Territories makes advances to the Corporation for funding operations and principal repayments of long-term debt. Approved contributions recorded in the financial statements are dependent upon actual expenditures incurred for the year. Amounts advanced in excess of actual expenditures are due to the Government of the Northwest Territories at year-end carried forward as a non-interest bearing advance for the following year.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements March 31, 1999

8. Unapplied contributions related to capital

	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	
Balance at beginning of the year	\$ 828	\$ 28,439
Repayment	-	(4,500)
Capital contributions received	<u>54,465</u>	<u>43,217</u>
	<u>55,293</u>	<u>67,156</u>
Capital expenditures	19,412	44,634
Capital contribution from equity	(4,404)	-
Capital contributions used for repairs, maintenance, grants and other costs (Note 7)	<u>40,285</u>	<u>21,694</u>
	<u>55,293</u>	<u>66,328</u>
Balance at end of the year	\$ <u>-</u>	\$ <u>828</u>
Representing unapplied capital contributions for		
1998	\$ -	\$ 705
1997	<u>-</u>	<u>123</u>
	\$ <u>-</u>	\$ <u>828</u>

The GNWT makes advances to the Corporation for capital expenditures and for repairs, maintenance, grants and other costs. Approved contributions recorded in the financial statements are dependant upon actual expenditures incurred for the year. As the Corporation has a two year delivery for its capital programs, effective April 1, 1997, any amounts advanced in excess of actual expenditures at year end, are carried forward as a non-interest bearing advance for the following year.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements March 31, 1999

9. Long-term debt

	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	
Loans from Canada Mortgage and Housing Corporation, repayable in annual installments until the year 2033, bearing interest of 6.97% (1998 - 6.97%). The loans are guaranteed by the Government of the Northwest Territories.	\$ 87,019	\$ 88,390
Mortgages payable to Canada Mortgage and Housing Corporation for units transferred under the new Social Housing Agreement, maturing between the years 2003 and 2038, at interest rates ranging from 4.5% to 21.5% (1998 - 4.5% - 21.5%)	<u>236,449</u>	<u>241,701</u>
	323,468	330,091
Loan from the Government of the Northwest Territories for the provision of Direct Lending Mortgages which is repayable when the program is terminated	1,000	1,000
Loans from the Government of the Northwest Territories for the provision of Interim Financing which is repayable when the program is terminated	<u>1,100</u>	<u>1,100</u>
	325,568	332,191
Portion included in current liabilities	<u>7,804</u>	<u>6,570</u>
	<u>\$ 317,764</u>	<u>\$ 325,621</u>

Principal repayments and interest requirements over the next five years on outstanding loans are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
		(thousands of dollars)	
2000	\$ 7,804	\$ 33,292	\$ 41,096
2001	8,676	32,420	41,096
2002	9,564	31,532	41,096
2003	10,613	30,483	41,096
2004	11,721	29,368	41,089

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements March 31, 1999

10. Fair value of financial instruments

The fair value of cash and short-term investments, accounts receivable and accounts payable and accruals approximates the carrying amount of these instruments due to the short period to maturity.

The carrying amounts of mortgages receivable of \$ 12,542,000 (1998 - \$18,942,000), which is based on discounted cash flows, approximates fair value. This should not be interpreted as the realizable value on immediate settlement of these mortgages due to the uncertainty associated with such a settlement.

For other financial instruments, the carrying amounts and the fair values are as follows:

		1999		1998	
		(thousands of dollars)			
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	
Loans payable	\$ 89,119	\$ 100,660	\$ 90,490	\$ 103,539	
Mortgages payable	236,449	383,322	241,701	389,059	
	<u>\$ 325,568</u>	<u>\$ 483,982</u>	<u>\$ 332,191</u>	<u>\$ 492,598</u>	

The fair value of loans and mortgages payable is based on an estimation of the market value of the debt. This is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

11. Recoveries from Canada Mortgage and Housing Corporation

	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	
Recoveries in respect of:		
Operations and maintenance		
Contributions to local housing organizations including interest expense	\$ 85,663	\$ 90,270
Repairs, maintenance, grants and other costs	<u>6,845</u>	<u>6,554</u>
	<u>\$ 92,528</u>	<u>\$ 96,824</u>

On April 24, 1997, the Corporation signed an agreement with Canada Mortgage and Housing Corporation (CMHC) replacing all existing social housing program agreements between the two parties relating to social housing programs.

Under the terms of this agreement, effective April 1, 1997, the Corporation assumes full responsibility and liability for the management and administration of the programs specified in the Agreement, including some programs that were previously managed unilaterally by CMHC. In return for assuming these responsibilities and managing the programs in accordance with the Agreement, the Corporation will receive annual funding over the term of the Agreement which expires on March 31, 2038.

Effective April 1, 1997, CMHC's ownership interest in the rental and loan portfolio affected by the Agreement is transferred to NWTHC as Trustee, in accordance with a Declaration of Trust Agreement signed by both parties. Over the term of the Agreement, NWTHC shall pay CMHC monthly and quarterly installments of principal and interest in return for CMHC's share of the book values of the respective assets. Consistent with previous agreements, the Corporation must pay CMHC for its respective share of any gains realized upon the disposal of any assets that CMHC has an ownership interest.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements March 31, 1999

12. Net cost of operations

The net cost is represented by the following unfunded expenses and recoveries:

	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	(thousands of dollars)
Mortgage write down	\$ 5,853	\$ 18,911
Amortization	21,042	21,191
Contribution for mortgage payable	(5,253)	(5,190)
Provision for mortgage impairment (principal portion)	9,938	12,618
Long-term portion of leave and termination benefits	404	(110)
Recovery of small capital program grants	(2,364)	(162)
Recovery of prior year grants	(1,947)	(951)
Gain/Loss on disposal of land and buildings	2,084	(3,673)
Contribution for risk reserve	-	(6,300)
	<u>\$ 29,757</u>	<u>\$ 36,334</u>

13. Contingencies

During 1998-99, the Corporation provided guarantees to lenders financing certain new or renovated residential housing construction. As at March 31, 1999 a total of 39 loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$3,555,000 (1998-\$2,262,000).

14. Commitments

The Corporation leases office space and rent supplement public housing units under long-term operating lease agreements and is committed to basic rental payments over the next five years. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. The basic rental payments are as follows:

	<u>Total</u>
	(thousands of dollars)
2000	8,587
2001	7,931
2002	7,867
2003	7,516
2004	7,195

Rent Supplement leases are renewable after five years for three further five year periods at rates to be determined when renewing.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements March 31, 1999

15. Related party transactions

The Corporation's relationship with the various local housing organizations (Authorities, Associations, Bands, and Hamlets) is as a "partner" in the delivery of social housing, as provided under individual management agreements. The housing authorities are incorporated under the Northwest Territories Housing Corporation Act and the Minister responsible for the Corporation appoints the members.

The Corporation funds the operating costs of the local housing organizations based on a funding formula. Details of contribution amounts, by district, are provided in Schedule 1. In addition the local housing organizations complete Modernization & Improvement projects on various social housing units, as approved and funded by the Corporation.

The Corporation is also related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

16. Division of the N.W.T.

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came in force.

(a) Division of Assets and Liabilities

The creation of Nunavut requires the transfer of Government assets and liabilities. On March 29, 1999, an agreement between the Government of the Northwest Territories and the Interim Commissioner of Nunavut, set out an approach for the division of the assets, liabilities and surplus/deficit of the Government, including the Northwest Territories Housing Corporation. The approach, as applied to the Corporation, is as follows:

(i) Allocate capital assets and related liabilities on an as is, where is, basis. Adjust equity for the net amount allocated.

(ii) Apportion the remaining equity using the agreed upon ratio of 55.66% to the Corporation and 44.34% to the Nunavut corporation.

(iii) Allocate assets and liabilities, except capital assets and related liabilities, on a basis that the two Corporations and Governments agree to be practicable, where possible on a geographic basis.

(iv) Adjust any difference, between the value of assets and liabilities allocated and the equity apportioned, on a basis that the two Corporations and Governments agree to be practical.

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements March 31, 1999

16. Division of the N.W.T. con't.

Applying this approach to the March 31, 1999 financial statements of the Corporation results in the following allocation:

Balance Sheet	March 31,	April 1, 1999	
ASSETS	1999	NWT	Nunavut
Current			
Cash	\$ 957	\$ 533	\$ 424
Short-term investments	25,314	14,090	11,224
Accounts receivable			
GNWT	2,366	2,366	-
Canada Mortgage and Housing Corporation	1,328	989	339
Other	2,724	2,657	67
	<u>32,689</u>	<u>20,635</u>	<u>12,054</u>
Investment in housing projects			
Land and buildings	392,871	120,643	272,228
Mortgages receivable	12,542	2,961	9,581
	<u>405,413</u>	<u>123,604</u>	<u>281,809</u>
Property and equipment	<u>8,707</u>	<u>3,902</u>	<u>4,805</u>
	<u>\$ 446,809</u>	<u>\$ 148,141</u>	<u>\$ 298,668</u>
LIABILITIES			
Current			
Accounts payable			
Trade	\$ 6,586	\$ 6,586	\$ -
Local Housing Organizations	1,367	1,842	(475)
Accrued interest	1,543	517	1,026
Due to the Government of the Northwest Territories	4,504	4,504	-
Contractor's holdbacks	1,120	332	788
Current portion of long-term debt	7,804	2,659	5,145
Current portion of leave and termination benefits	729	625	104
Due to (from) NWTHC/NHC	-	(4,390)	4,390
	<u>23,653</u>	<u>12,675</u>	<u>10,978</u>
Long-term debt	317,764	102,576	215,188
Leave and termination benefits	1,003	873	130
	<u>318,767</u>	<u>103,449</u>	<u>215,318</u>
EQUITY			
Government of the Northwest Territories	104,389	32,017	-
Government of Nunavut	-	-	72,372
	<u>\$ 446,809</u>	<u>\$ 148,141</u>	<u>\$ 298,668</u>

NORTHWEST TERRITORIES HOUSING CORPORATION

Notes to Financial Statements
March 31, 1999

16. Division of the N.W.T. con't

(b) Chargeback of Services

The Corporation has entered into service agreements with the Nunavut Corporation and the Department of Public Works, Telecommunications and Technical Services, Government of Nunavut. In these agreements, the Corporation will provide various corporate and program delivery services to the Nunavut Corporation for the fiscal year 1999-2000. The estimated charge for these services is approximately \$1,074,000.

(c) Social Housing Agreement

The Corporation and the Nunavut Corporation have agreed on an allocation of Canada Mortgage and Housing corporation (CMHC) funding provided under the 1997 Social Housing Agreement. Effective April 1, 1999, the funding amount of \$91,140,290 per annum will be allocated \$33,172,244 to the Corporation and \$57,968,046 to the Nunavut Corporation. The allocation was based on a geographical costing approach at the community level. Separate agreements are in the process of being developed between CMHC and each corporation, but in the interim the Corporation will assign the benefits and obligations under the current Social Housing Agreement to the Nunavut Corporation.

17. Uncertainty due to the Year 2000 Issue

The year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems, which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect the Corporation's ability to conduct normal business operations. Management has developed and is implementing a plan designed to identify and address the expected effects of the Year 2000 Issue on the Corporation. As at March 31, 1999, the Corporation has commenced the identification of computer systems that will require modification or replacement. An assessment of the readiness of third parties such as customers, suppliers and others is ongoing. However, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

18. Comparison with prior year

Certain of the 1998 figures have been reclassified to conform to the presentation adopted.

NORTHWEST TERRITORIES HOUSING CORPORATION

Contributions to Local Housing Organizations for
Social Housing

For the year ended March 31, 1999

(thousands of dollars)	North Slave	South Slave	Western Arctic	Kitikmeot	Keewatin	Baffin	1999 Total	1998 Total
Revenue								
Rental Assessments	\$1,000	\$ 699	\$ 1,243	\$ 1,017	\$ 1,486	\$ 2,927	\$ 8,372	\$ 8,658
Doubtful Accounts	(87)	(78)	(134)	(67)	8	(154)	(512)	(490)
Miscellaneous Income	196	43	273	101	85	243	941	717
Total Revenue	1,109	664	1,382	1,051	1,579	3,016	8,801	8,885
Expenditures								
Administration	1,167	1,338	2,479	1,629	2,057	3,447	12,117	11,772
Leasing	2,145	734	620	974	1,633	3,336	9,442	9,133
Maintenance and Repairs	1,461	2,038	4,861	3,745	4,331	6,723	23,159	21,106
Power	518	647	2,401	2,567	2,756	5,418	14,307	15,103
Fuel	279	567	1,558	1,796	2,113	2,973	9,286	9,928
Water and Sanitation	1,105	891	2,523	4,300	5,429	6,951	21,199	20,939
Taxes	224	334	396	192	264	980	2,390	2,463
Total Expenditures	6,899	6,549	14,838	15,203	18,583	29,828	91,900	90,444
Deficiency of Revenue over Expenditures	5,790	5,885	13,456	14,152	17,004	26,812	83,099	81,559
Deficits paid by Local Housing Organizations	(22)	-	(186)	(31)	(329)	(362)	(930)	(1,482)
Surpluses retained by Local Housing Organizations	62	437	365	239	725	457	2,285	1,982
Total Local Housing Organization Contribution	5,830	6,322	13,635	14,360	17,400	26,907	84,454	82,059
Contributions to Sponsor Groups	3,565	844	315	-	166	373	5,263	3,882
Total Contributions to Local Housing Organizations for Social Housing	\$9,395	\$7,166	\$13,950	\$14,360	\$17,566	\$27,280	\$89,717	\$85,941

NORTHWEST TERRITORIES HOUSING CORPORATION

Schedule of Administration Expenses
For the year ended March 31, 1999

	<u>1999</u>	<u>1998</u>
	(thousands of dollars)	
Salaries and benefits	\$ 9,549	\$ 9,840
Travel and relocation	1,828	2,225
Building and equipment rentals	1,429	1,410
Professional and special services	1,720	942
Communications	361	336
Materials and supplies	335	304
Computer services	232	171
Workshops & studies	165	185
Land title fees and expenses	76	100
Miscellaneous	21	13
	<u>\$ 15,716</u>	<u>\$ 15,526</u>

Nunavut Arctic College

Financial Statements

**for the year ended
June 30, 1999**

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NUNAVUT ARCTIC COLLEGE

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The financial statements of the Office of the Nunavut Arctic College ("the College") are the responsibility of the College's management and have been approved by the Board of Governors. The financial statements have been prepared in accordance with generally accepted accounting principles. Management's best estimates and judgements have been used in the preparation of these statements, where appropriate. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent with the financial statements.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices which are designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and controlled, and proper records are maintained. These controls and practices are intended to ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and adherence to the College's policies and statutory requirements.

The Board of Governors is responsible for ensuring that management fulfils its responsibilities for financial reporting and internal control. It exercises this responsibility through the Finance Committee of the Board, which is composed of a majority of Governors who are not employees of the College. The Finance Committee meets with management and the external auditors, who have full and free access to the Finance Committee.

The external auditor, the Auditor General of Canada, conducts an independent examination of the financial statements and reports to the Minister of Education of the Government of Nunavut.

Johnny Kusugak
President

David Kolot
Bursar/CFO

October 21, 1999



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

AUDITOR'S REPORT

To the Minister of Education

I have audited the balance sheet of the Nunavut Arctic College as at June 30, 1999 and the statements of operations and equity (deficit) and changes in financial position for the year then ended. These financial statements are the responsibility of the College's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Nunavut Arctic College as at June 30, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion proper books of account have been kept by the College and the financial statements are in agreement therewith and the transactions of the College that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Public Colleges Act* and regulations and the by-laws of the College.

John Wiersema, CA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
October 21, 1999

Nunavut Arctic College

Balance Sheet as at June 30
(thousands of dollars)

	1999	1998
<u>ASSETS</u>		
Current		
Cash	\$ 1,684	\$ 795
Accounts receivable (Note 3)	2,886	1,488
Prepaid expenses	95	115
	<hr/> 4,665	<hr/> 2,398
Capital Assets (Note 4)	<hr/> 421	<hr/> 556
	<hr/> \$ 5,086	<hr/> \$ 2,954

<u>LIABILITIES</u>		
Current		
Accounts payable and accrued liabilities	\$ 2,707	\$ 1,494
Deferred revenue	300	385
Due to the Government of Nunavut	86	--
Due to the Government of the Northwest Territories	--	466
	<hr/> 3,093	<hr/> 2,345
Provision for employee termination benefits	732	764
Professional development liability	92	148
	<hr/> 3,917	<hr/> 3,257

<u>EQUITY</u>		
Equity (Deficit)	<hr/> 1,169	<hr/> (303)
	<hr/> \$ 5,086	<hr/> \$ 2,954

Commitments (Note 7)

See accompanying notes to the financial statements

Approved by the Board:

Joe Ohokannoak
Chairperson of the Board

NUNAVUT ARCTIC COLLEGE

Statement of Operations and Equity (Deficit) for the year ended June 30 (thousands of dollars)

	1999	1998
Revenues		
Contract Income	\$ 6,768	\$ 9,265
Room and Board	869	600
Other	596	190
Tuition Fees	434	517
Investment Income	123	96
Donations	28	77
	<u>8,818</u>	<u>10,745</u>
Expenses		
Salaries and employee benefits	11,777	12,610
Fees for professional services	2,727	2,816
Utilities	1,482	1,738
Travel and accommodation	1,462	1,581
Materials and supplies	814	1,161
Rent	772	944
Telecommunications, postage and freight	538	639
Building and equipment repairs	511	574
Printing and publishing	206	248
Furniture and equipment	191	376
Amortization	135	149
Bad debts	6	199
Total Expenses	<u>20,621</u>	<u>23,035</u>
(Deficiency) of Revenue Over Expenses before government contributions	(11,803)	(12,290)
Government Contributions (Note 2)		
Government of the Northwest Territories	9,376	12,248
Government of Nunavut	3,899	--
	<u>13,275</u>	<u>12,248</u>
Surplus (Deficiency) of Revenue Over Expenses	1,472	(42)
(Deficit) at Beginning of Year	<u>(303)</u>	<u>(261)</u>
Equity (Deficit) at End of Year	<u>\$ 1,169</u>	<u>\$ (303)</u>

See accompanying notes to the financial statements

NUNAVUT ARCTIC COLLEGE

Statement of Changes in Financial Position for the year ended June 30 (thousands of dollars)

	1999	1998
Operating activities		
Surplus (deficiency) of revenue over expenses	\$ 1,472	\$ (42)
Items not requiring an outlay of cash		
Amortization	<u>135</u>	<u>149</u>
	1,607	107
Net change in non-cash working capital items	(630)	209
Increase (decrease) in the professional development liability	(56)	18
Increase (decrease) in the provision for employee termination benefits	<u>(32)</u>	<u>44</u>
	889	378
Investing activities		
Acquisition of capital assets	<u>0</u>	<u>(98)</u>
Increase in Cash for the Year	889	280
Cash, beginning of year	795	515
Cash, end of year	<u>\$ 1,684</u>	<u>\$ 795</u>

See accompanying notes to the financial statements

NUNAVUT ARCTIC COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999

1. AUTHORITY AND ACTIVITIES

Pursuant to the federal *Nunavut Act*, the Nunavut Territory and the Government of Nunavut came into existence on April 1, 1999. This Act also continued legislation of the Northwest Territories in the new Nunavut Territory. An agreement between the two territories on the Division of the Assets and Liabilities of the Government of the Northwest Territories as of March 31, 1999 considers that the Nunavut Arctic College is allocated in its entirety to the new Government of Nunavut. The effect is that the College reported to the Government of the Northwest Territories' Minister of Education, Culture and Employment until March 31, 1999, and the Government of Nunavut's Minister of Education thereafter.

The Nunavut Arctic College ("the College") operates under the authority of the Public Colleges Act. The College is a Schedule B Public Agency as listed in the *Financial Administration Act*.

The College receives contributions for the administration and delivery of its adult and post-secondary education programs. The Government of the Northwest Territories provided this funding until March 31, 1999. Effective April 1, 1999 the Government of Nunavut undertook this role.

The College is an institution designed to provide a wide variety of educational services to adult learners. The programs are directed specifically to the northern environment and the needs of individual northerners, the workforce and northern communities. To accomplish this, courses and services are delivered at campuses and communities across Nunavut. Through the work of the Nunavut Research Institute, the College is also responsible for the facilitation and preparation of research activity in the region.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles. A summary of significant accounting policies follows:

Contributions

Contributions from the Government of the Northwest Territories and Government of Nunavut represent the majority of the base funding for the College to cover its expenditures. Contributions are received monthly based on a predetermined cash flow schedule and are recorded on an accrual basis.

NUNAVUT ARCTIC COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999

Contract income

The College enters into contracts with private companies, government departments and agencies to develop and deliver courses across Nunavut. Revenue is recognized over time by matching to the expenses incurred for the development and delivery of services provided.

Investment income

The College earns investment income through an arrangement with the Government of the Northwest Territories whereby the government invests the College's available cash balances. These amounts are recorded as income in the year they are earned. Investments are made in conservative investments, with the risk of loss of capital assessed as low.

Deferred revenue

Deferred revenue represents contract payments and donations received in advance. Deferred contract payments are recognized as revenue when the related services are provided. Deferred donation payments are recognized as revenue when the monies are expended in accordance with the specific purpose.

Capital assets

Capital assets transferred to the College from the former Arctic College and the Nunavut Research Institute, effective January 1, 1995, were recorded at the fair market value at that date. Subsequent acquisitions are recorded at cost. Capital assets are amortized over their estimated lives on a straight-line basis at the following annual rates:

Computers and printers	25%
Furniture and equipment	10%
Building improvements	5%
Mobile equipment	10%

Leasehold improvements are amortized over the remaining term of the leases.

Employee termination benefits

Employee termination benefits represents accrued annual leave, lieu time, severance and ultimate removal costs. The cost of these benefits is expensed in the year in which they are earned by the employees.

NUNAVUT ARCTIC COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999

Professional development liability

The College's collective agreements require the College to annually set aside a percentage of teachers' salaries for professional development activities. The professional development liability represents accumulated annual provisions for professional development activities, less accumulated eligible professional development expenses.

Pension Plan

Employees of the College participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the College contribute equally to the cost of the plan. The College's contributions are charged to expenditures on a current year basis, and represent the total pension obligation of the College. The College is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account.

3. ACCOUNTS RECEIVABLE

The accounts receivable of \$2,886,000 (1998 - \$1,488,000) are net of allowances for doubtful accounts of \$772,000 (1998 - \$791,000). These receivables include \$1,732,000 (1998 - \$320,000) due from the Governments of Nunavut and the Northwest Territories.

There is no concentration of accounts receivable with any customer, except with the Government of the Northwest Territories and the Government of Nunavut, and, consequently, the credit risk is low.

4. CAPITAL ASSETS

	1999		1998	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	(thousands of dollars)			
Computers and printers	\$ 454	\$ 387	\$ 67	\$ 153
Furniture and equipment	247	131	116	135
Building improvements	136	29	107	113
Mobile equipment	179	55	124	140
Leasehold improvements	56	49	7	15
	<u>\$ 1,072</u>	<u>\$ 651</u>	<u>\$ 421</u>	<u>\$ 556</u>

NUNAVUT ARCTIC COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999

5. RELATED PARTY TRANSACTIONS

The College was related in terms of common ownership to all Government of Northwest Territories created departments, agencies and crown corporations until March 31, 1999. After this date, the College is related to the Government of Nunavut. The College entered into transactions with these entities in the normal course of business. These transactions were as follows:

Contract income

The College received contract income of \$4,672,000 (1998 - \$7,186,000) for courses delivered on behalf of the Government of the Northwest Territories, and contract income of \$212,000 (1998 - \$0) for courses delivered on behalf of the Government of Nunavut.

Expenses

Under the transfer Policy of the Government of the Northwest Territories, certain support services are provided to the College by various government departments.

The Government of the Northwest Territories' Department of Public Works and Services charged the College \$952,000 (1998 - \$990,000) for the utility of federal buildings only and operating costs of all facilities, and the Financial Management Board Secretariat charged \$137,000 (1998 - \$124,000) for employee dental and other benefits.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The transactions related to cash, accounts receivable, accounts payable and accrued liabilities and the amounts due to Governments are incurred in the normal course of business. The carrying amounts of each of these accounts approximate their fair value because of their short-term maturity.

7. COMMITMENTS

The College has entered into leases and service agreements for student accommodation, classroom space, office equipment and other services and is committed to basic payments over the next years as follows:

	(thousands of dollars)
2000	\$ 654
2001	398
2002	335
	<u>\$ 1,387</u>

NUNAVUT ARCTIC COLLEGE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 1999

8. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problem may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of the Governments of the Northwest Territories and Nunavut, customers, suppliers, or other third parties, will be fully resolved.

9. COMPARATIVE FIGURES

Certain 1998 amounts have been reclassified to conform with the current year's presentation.

Government of the Northwest Territories

Petroleum Products Revolving Fund

Financial Statements

**for the year ended
March 31, 1999**

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Northwest
Territories Public Works and Services

PETROLEUM PRODUCTS REVOLVING FUND

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The preparation of the financial statements of the Petroleum Products Revolving Fund (the "Fund") is the responsibility of the Fund's management.

The financial statements have been prepared in accordance with generally accepted accounting principles. The financial statements include some amounts that are necessarily based on management's best estimates and judgement.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded and proper records are maintained. The system of internal control is augmented by the Territorial Audit Bureau, which conducts periodic reviews of different aspects of the Fund's operations.

An independent auditor, the Auditor General of Canada, is responsible for auditing the transactions and financial statements of the Fund and for issuing his report thereon.

Brian Austin, Director
Petroleum Products Division

Rankin Inlet, NT
June 18, 1999

AUDITOR'S REPORT

To the Minister of Public Works and Services

I have audited the balance sheet of the Petroleum Products Revolving Fund of the Government of the Northwest Territories as at March 31, 1999 and the statements of operations and amount due to the Government of the Northwest Territories for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 1999 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Fund, and the financial statements are in agreement therewith and the transactions of the Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Financial Administration Act* and regulations and the *Revolving Funds Act*.

Donald M. Young, FCA
Assistant Auditor General
for the Auditor General of Canada

Ottawa, Canada
June 18, 1999

Petroleum Products Revolving Fund

Balance Sheet

as at March 31 (thousands of dollars)	1999	1998
Assets:		
Current		
Accounts receivable (Note 3)	\$ 12,503	\$ 16,195
Inventories (Note 4)	27,787	28,785
	\$ 40,290	\$ 44,980
Liabilities:		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 1,361	\$ 4,534
Employee leave and termination benefits	144	158
	1,505	4,693
Long-Term		
Employee termination benefits	108	101
Due to the Government of the Northwest Territories	38,677	40,186
	38,785	40,287
	\$ 40,290	\$ 44,980

Commitments and contingencies (Note 10)

The accompanying notes are an integral part of the financial statements.

Approved by management:

Brian Austin
Director

Roy Green
Comptroller

Petroleum Products Revolving Fund

Statement of Operations

for the year ended March 31 (thousands of dollars)	1999	1998
Revenue		
Sale of petroleum products (Note 6)	\$ 67,670	\$ 71,597
Cost of goods sold	53,958	58,437
Gross profit	13,712	13,160
Rent and other revenue	1,562	1,096
	15,274	14,256
Expenses		
Distribution charges	8,087	8,653
Salaries, wages and employee benefits	2,818	2,421
Maintenance, supplies & utilities	1,787	1,344
Insurance and consulting fees	1,455	914
Travel	753	673
Computer Services	457	410
Miscellaneous	268	408
Communication charges	393	330
Office equipment rental	313	303
	16,331	15,456
Net loss from operations	\$ (1,057)	\$ (1,200)

The accompanying notes are an integral part of the financial statements.

Petroleum Products Revolving Fund

Statement of Amount Due to the Government of the Northwest Territories

for the year ended March 31 (thousands of dollars)	1999	1998
Balance, beginning of the year	\$ 40,186	\$ 36,572
Plus:		
Payments made by the Government		
Purchases of petroleum products	52,960	59,420
Operating expenses	19,512	14,580
Less:		
Transfers to the Government		
Sales proceeds	(72,924)	(69,186)
Net loss from operations	(1,057)	(1,200)
Balance, end of the year (Note 1)	\$ 38,677	\$ 40,186

The accompanying notes are an integral part of the financial statements.

Petroleum Products Revolving Fund

Notes to the Financial Statements

as at March 31, 1999

1. Authority and Operations

The Petroleum Products Revolving Fund (the "Fund") was established in 1973 for the distribution of petroleum products in the Northwest Territories (the "NWT"). The Fund operates under the authority of the *Revolving Funds Act* (the "Act") and the *Financial Administration Act*. The Petroleum Products Division of the Department of Public Works and Services of the Government of the Northwest Territories (the "Government") is responsible for the administration of the Fund.

Under the Act, the Fund receives working capital advances from the Government's Consolidated Revenue Fund (the "CRF") to finance inventory, accounts receivable and operating expenses. The Fund's purchases of petroleum products and operating expenses are paid from the CRF and funds received by the Fund are deposited in the CRF. The authorized limit of the Fund, being the maximum amount by which the assets may exceed the liabilities, is \$60 million.

The prices for the Fund's petroleum products are approved by the Government. It is the expectation of the Government that the Fund's cost of goods sold and operating expenses will be recovered through the price structure to achieve a break-even operation. Under the Act, there is a special account in the CRF called the Petroleum Products Stabilization Fund to which profits of the Fund shall be credited and losses shall be charged. The accumulated surplus or deficit balance in the Stabilization Fund shall not exceed \$5,000,000 at the end of any fiscal year. The accumulated deficit balance in the Stabilization Fund at March 31, 1999 is \$5,287,000 (1998 - \$4,230,000). In accordance with the Act, the excess deficit balance of \$287,000 has been charged to the Department of Public Works and Service's appropriation for the fiscal year ended March 31, 1999.

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force. As a result, all operations in Nunavut will be taken over by the Government of Nunavut. Notwithstanding this significant change in future operations, these financial statements have been prepared on a going concern basis. It is not practical to determine the potential impact on future operations of the two Governments, including the Fund. Note 11 provides further information about this subsequent event.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with generally accepted accounting principles. A summary of significant accounting policies of the Fund are as follows:

a. Inventories

Inventories are valued at the lower of weighted average cost and net realizable value.

b. Services Provided Without Charge

Capital Assets and Environmental Restoration Costs

The Fund does not record the value of the capital assets used in its operations and any related environmental restoration costs. The capital assets include fuel storage facilities and fuel delivery vehicles. The capital assets are provided without charge to the Fund by the Government. The Fund is responsible for the maintenance of the capital assets used in its operations.

Financing Costs

The Fund does not record the financing cost on the working capital advances provided from the CRF.

Further information on capital assets and environmental restoration costs and financing costs is provided in Notes 7 and 10.

Petroleum Products Revolving Fund

Notes to the Financial Statements

as at March 31, 1999

2. Significant Accounting Policies (continued)

Other Services Provided Without Charge

The Fund does not record the following services provided without charge by the Government: the procurement of goods and services, the processing of payroll, personnel services, legal counsel, internal audit and translation services. Furthermore, the Fund receives audit services without charge from the Auditor General of Canada.

c. Pensions

The Fund and its employees, who are deemed to be employees of the Government, make contributions to the Public Service Superannuation Plan administered by the Government of Canada. The Fund and the employees contribute equally to the cost of the Plan. These contributions represent the total pension obligation of the Fund and are expensed on a current year basis. The Fund is not required under present legislation to make contributions with respect to actuarial deficiencies to the Public Service Superannuation Account.

d. Employee Leave and Termination Benefits

Under the terms and conditions of employment, employees may qualify and earn employment benefits for annual leave, retirement, severance and removal costs. The estimated liability for these benefits is recorded as the benefits are earned by the employees.

3. Accounts Receivable

(thousands of dollars)

	1999	1998
Commercial/Private	\$ 5,205	\$ 8,210
Territorial Municipalities & Housing Associations	4,500	4,019
Government of the Northwest Territories:		
Northwest Territories Power Corporation	1,886	2,715
Departments and Agencies	778	1,130
	<u>2,664</u>	<u>3,845</u>
Government of Canada	329	267
	<u>12,698</u>	<u>16,341</u>
Less: Allowance for doubtful accounts	(195)	(146)
	<u>\$ 12,503</u>	<u>\$ 16,195</u>

4. Inventories

(thousands of dollars)

	1999	1998
Heating fuel	\$ 17,394	\$ 17,369
Gasoline	5,630	5,240
Other fuel	4,763	6,176
	<u>\$ 27,787</u>	<u>\$ 28,785</u>

5. Accounts Payable and Accrued Liabilities

(thousands of dollars)

	1999	1998
Accounts payable and accrued liabilities	\$ 187	\$ 2,010
Distribution charges payable	693	1,098
Fuel and sales taxes payable	481	1,426
	<u>\$ 1,361</u>	<u>\$ 4,534</u>

Petroleum Products Revolving Fund

Notes to the Financial Statements

as at March 31, 1999

6. Sale of Petroleum Products

(thousands of dollars)	1999	1998
Commercial/Private	\$ 21,816	\$ 22,582
Wholesale revenue	18,067	17,783
Territorial Municipalities & Housing Associations	14,779	15,713
Government of the Northwest Territories:		
Northwest Territories Power Corporation	9,126	10,706
Departments and Agencies	2,685	3,502
Government of Canada	1,197	1,311
	<u>\$ 67,670</u>	<u>\$ 71,597</u>

7. Services Provided Without Charge

a. Capital Assets

The accounting policies of the Fund do not require the capitalization of capital assets. However, internal controls are maintained to safeguard assets. Donated capital assets are valued at management's best estimates of original cost. Capital assets are amortized over the estimated useful life of the related asset at the following rates:

Fuel storage facilities	3% declining balance
Fuel delivery vehicles	30% declining balance

(thousands of dollars)	1999			1998
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Fuel storage facilities	\$ 93,837	\$ 28,036	\$ 65,801	\$ 67,667
Fuel delivery vehicles	1,329	1,233	96	507
Construction in progress	745	-	745	99
	<u>\$ 95,911</u>	<u>\$ 29,269</u>	<u>\$ 66,642</u>	<u>\$ 68,273</u>

During the year, 27 fuel delivery vehicles with a total net book value of \$310,000 were sold to private contractors. The proceeds from the sales were deposited into the CRF and recorded in the Government's accounts.

b. Financing Costs

Management estimated that the Fund required up to \$60 million in working capital with an estimated financing cost of \$2,497,000 (1998 - \$60 million and \$1,930,000 respectively) for the year. The financing cost is based upon the average monthly balance due to the Government at a monthly average borrowing rate applicable to the Government ranging from 5.2% to 5.6% (1998 - 3.5% to 5.0%).

8. Fair Value of Financial Instruments

The carrying values of accounts receivable, accounts payable and accrued liabilities are reasonable estimates of fair value due to the relatively short period to maturity of the financial instruments.

Petroleum Products Revolving Fund

Notes to the Financial Statements

as at March 31, 1999

9. Related Party Transactions

In addition to those transactions with related parties disclosed elsewhere in the financial statements, the Fund is related in terms of common ownership to all Government created departments, agencies and Crown corporations. The Fund enters into transactions with these entities in the normal course of business, with the exception of the Northwest Territories Power Corporation (NTPC). In accordance with an agreement with the Government, NTPC is charged the landed cost to purchase and deliver petroleum products to its facilities in the NWT.

10. Commitments and Contingencies

a. Fuel Resupply Contracts

The Government has entered into contracts for the resupply of petroleum products with the Northern Transportation Company Ltd. for the NWT and Nunavut. The contracts expire in 2001 and can be renewed for an additional 2 years. Under the terms of the contracts, the Government has committed to purchase certain volumes of petroleum products for each year.

b. Wholesale Resupply Contracts

Iqaluit

The Government has entered into a 10 year agreement, expiring August 15, 2006, with a group of private contractors to lease the fuel storage facilities in Iqaluit and to purchase and deliver the annual fuel resupply under the existing fuel resupply contract for Nunavut. The contractors are charged the landed cost of the petroleum products.

Cambridge Bay

The distribution of petroleum products in the community of Cambridge Bay was privatized in 1997. The Government has entered into a 10 year agreement, expiring September 31, 2007, to purchase and deliver the annual fuel resupply under the existing fuel resupply contract for the NWT. The private contractor is charged the landed cost of the petroleum products.

Resolute Bay

The Government has entered into an agreement, expiring March 31, 2001, with a private contractor to purchase and deliver the annual fuel resupply of aviation fuel under the existing fuel resupply contract for Nunavut. The contractors are charged the landed cost of the product.

c. Community Fuel Delivery Contracts

The Fund provides community fuel delivery services in 45 communities in the NWT and Nunavut. These services are carried out through formal fuel delivery contracts which are awarded by the Government to individuals residing in the community or local businesses. There are 28 long-term contracts which expire in 2001 and can be renewed for an additional 5 years, and 18 short-term contracts which must be renewed annually. Under the terms of the contracts, the private contractors are paid a fixed rate of commission for their services. The value of this commitment cannot be reasonably determined.

Petroleum Products Revolving Fund

Notes to the Financial Statements

as at March 31, 1999

d. Repurchase of Fuel Delivery Vehicles

Under the terms of the 28 long-term contracts awarded for the delivery of fuel in the communities, the private contractors were required to purchase the fuel delivery vehicles from the Government. Provisions were also included in the contracts, however, for the Government to repurchase the vehicles at the end of the contracts in order to guarantee the delivery of fuel in the communities. The amount of this provision cannot be reasonably determined.

e. Environmental Site Assessment

The Fund's management plans to complete a comprehensive environmental site assessment of all of its fuel storage sites over the next four years. The total project involves 42 communities and 60 sites in the NWT and Nunavut. Contracts have been awarded to two companies specializing in this field (one for the NWT and the other for Nunavut) to conduct the site assessments, delineate the extent of contamination, and develop remediation plans. Preliminary assessments were undertaken during the year at those sites identified as being the most likely to be contaminated. Initial reports indicate that the amount of contamination at the sites appears to be less than originally anticipated. The full extent of the contamination at the sites will be delineated during the summer of 1999. The associated environmental restoration costs are not determinable at this time.

f. Canada Shipping Act

Amendments made to the Canada Shipping Act require owners of Oil Handling Facilities to develop policies and procedures and to provide resources to cope with potential oil spills resulting from offloading of petroleum products from a marine vessel. The Government is exempt from this legislation but has agreed to voluntarily comply with it. Management is jointly developing a compliance plan in partnership with the Northwest Territories Power Corporation and the Canadian Coast Guard. The costs to implement the plan are not known at this time.

11. Subsequent Events

a. Division of Assets and Liabilities

The creation of Nunavut will require the transfer of Government, and consequently Fund, assets and liabilities. An agreement has been reached between the Government and the Interim Commissioner of Nunavut regarding the division of assets and liabilities. The methodology set out in the agreement requires the Government, not the Fund, to divide its assets and liabilities. Consequently, the impact of the division of assets and liabilities on the Fund is not disclosed separately from the Government.

b. Chargeback of Services

The Government has entered into service agreements with the Government of Nunavut for fiscal year 1999-2000. In one agreement, the future Nunavut Fund will provide various program delivery services to the NWT Fund and in the other agreement, the Government will provide corporate services to the Nunavut Fund. These services are estimated to be of equal value and represent approximately 200 hours for each entity.

Petroleum Products Revolving Fund

Notes to the Financial Statements

as at March 31, 1999

12. Uncertainty Due to the Year 2000 Issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the Year 2000 as 1900 or some other date, resulting in errors when information using Year 2000 dates is processed. In addition similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failures which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the Fund, including those related to the efforts of customers, suppliers, or other third parties will be fully resolved.

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**Northwest Territories
Development Corporation**

Consolidated Financial Statements

**for the year ended
March 31, 1999**

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Northwest Territories Development Corporation

Management's Responsibility for Financial Reporting

November 10, 1999

**To the Minister Responsible for the
Northwest Territories Development Corporation**

Management is responsible for the preparation and presentation of the consolidated financial statements. The accompanying consolidated financial statements were prepared by management in accordance with generally accepted accounting principles appropriate in the circumstances. Where appropriate, the preparation of financial information includes estimates and judgements based on careful consideration of information available to management.

The Corporation maintains internal financial and management systems and practices which are designed to provide reasonable assurance that reliable financial and non-financial information is available on a timely basis and that the Corporation acts in accordance with the laws of the Northwest Territories and Canada. The Corporation's management recognizes its responsibility for conducting the Corporation's affairs in accordance with the requirements of applicable laws and sound business principles and for maintaining standards of conduct that are appropriate to a Territorial Crown Corporation.

The President and CEO, and the Vice President & Comptroller in place during the year under audit are no longer with the Corporation. The current President was appointed in late March, 1999 and the Acting Vice President & Comptroller has been engaged under a short term contract effective mid-June, 1999.

The Board of Directors, through the Audit Committee which is comprised of Directors who are not employees of the Corporation, is responsible for reviewing and approving the audited annual financial statements and oversees management's responsibilities for financial reporting. The Audit Committee meets with management to discuss the financial reporting process as well as accounting and reporting issues. The external auditors have full and free access to the Audit Committee.

The Auditor General of Canada annually provides an independent, objective audit for the purpose of expressing an opinion on the financial statements. He also considers whether transactions which come to his notice in the course of this audit are, in all significant respects, in accordance with the specified legislation.

**Fred Koe
President**

**William Graham
Acting Vice President & Comptroller**

AUDITOR'S REPORT

To the Minister of
Resources, Wildlife, and Economic Development

I have audited the consolidated balance sheet of the Northwest Territories Development Corporation as at March 31, 1999 and the consolidated statements of operations, deficit, contributed equity and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion these principles have been applied on a basis consistent with that of the preceding year.

I wish to draw to your attention that, as disclosed in note 3, the Corporation has not collected information to ensure that operating subsidies or investments have not exceeded amounts stipulated by the Financial Management Board. Under sections 16(4) of the Northwest Territories Development Corporation Act, the Corporation may pay subsidies to cover operating costs to its subsidiaries based on jobs created directly or indirectly. Sections 16(3) and 17(3) of the Act allow the Corporation to invest in subsidiaries and business enterprises up to an amount prescribed, again based on jobs created directly or indirectly. The Financial Management Board has the authority to prescribe the limits in the absence of required regulations under the Act. A Financial Management Board Directive set a limit of \$10,000 per annum in operating subsidies for the subsidiaries and an investment of \$100,000 in its subsidiaries and business enterprises, for each job created. The Corporation has not collected information on jobs created to demonstrate that the operating subsidies, or investments have not exceeded the maxima stipulated. These financial statements do not reflect any excess subsidies or investments that may be recoverable and repayable to the Government of Northwest Territories.

In my opinion, proper books of account have been kept by the Corporation and its subsidiaries. The consolidated financial statements are in agreement therewith. Except for the failure of the Corporation to ensure that operating subsidies and investments have not exceeded the limits stipulated by the Financial Management Board, as described in the preceding paragraph, the transactions of the Corporation and its subsidiaries that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* and regulations, the *Northwest Territories Development Corporation Act*, the *Northwest Territories Business Corporations Act* and by-laws of the Corporation and its subsidiaries.

Sheila Fraser, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
November 10, 1999, except for Note 14, which is as of March 30, 2000.

Northwest Territories Development Corporation

Consolidated Statement of Operations

For the years ended March 31,	1999	1998
Revenue		
Sales	\$ 7,284,024	\$ 6,571,334
Cost of goods sold	6,685,013	6,551,045
Gross margin	599,011	20,289
Interest	217,315	159,780
Other revenue	121,834	259,797
Management fees	7,500	11,250
	945,660	451,116
Expenses		
Selling and administrative (Schedule)	6,295,905	6,024,231
Amortization	1,045,874	1,536,630
Provision for loss on investments	1,075,125	137,250
Business development	154,208	60,296
Site restoration expenses (Note 12b)	400,000	-
	8,971,112	7,758,407
Net income (loss) from operations	(8,025,452)	(7,307,291)
Other items		
Gain on disposal of assets	274,788	-
Loss allocated to non-controlling interests	260,245	4,900
	535,033	4,900
Net income (loss) before government contributions	(7,490,419)	(7,302,391)
Government contributions (Note 4a)	5,446,696	6,237,314
Net income (loss) before extraordinary item	(2,043,723)	(1,065,077)
Extraordinary item		
Proceeds from insurance claims (Note 4b)	-	1,302,400
Net income (loss)	\$ (2,043,723)	\$ 237,323

Northwest Territories Development Corporation**Consolidated Statement of Deficit and Contributed Equity**

For the years ended March 31,	1999	1998
Deficit		
Balance, beginning of year	\$ (3,089,595)	\$ (3,326,918)
Net loss	(2,043,723)	237,323
Balance, end of year	\$ (5,133,318)	\$ (3,089,595)
Contributed Equity - Venture Investments		
Balance, beginning of year	\$ 4,552,429	\$ 4,218,614
Contribution from the Government of the Northwest Territories	717,200	279,400
Dividends earned	80,190	54,415
Balance, end of year	\$ 5,349,819	\$ 4,552,429

Northwest Territories Development Corporation

Consolidated Balance Sheet

As at March 31,	1999	1998
Assets		
Current		
Cash	\$ 1,850,735	\$ 2,907,425
Accounts receivable	870,134	542,209
Due from - GNWT	-	329,000
Dividends receivable	5,250	31,463
Inventory	3,549,016	3,000,184
Deposits and prepaid expenses	63,111	49,153
	6,338,246	6,859,434
Reserve funds (Note 6)	985,159	511,617
Venture investments (Note 7)	2,237,950	975,875
Capital assets (Note 8)	1,193,301	1,027,592
Sinking fund investment (Note 10)	54,000	-
	\$ 10,808,656	\$ 9,374,518
Liabilities		
Current		
Bank indebtedness (Note 9)	\$ 1,271,035	\$ 1,188,015
Accounts payable and accrued liabilities	1,476,891	1,617,676
Deferred capital contributions - GNWT (Note 5)	4,723,053	4,367,740
Deferred subsidies - GNWT	-	23,000
Provision for site restoration (Note 12b)	400,000	-
Current portion of long term debt	109,567	-
	7,980,546	7,196,431
Long term-debt (Note 10)	1,896,356	-
	9,876,902	7,196,431
Equity		
Contributed surplus - GNWT	715,253	715,253
Contributed equity - Venture Investments	5,349,819	4,552,429
Deficit	(5,133,318)	(3,089,595)
	931,754	2,178,087
	\$ 10,808,656	\$ 9,374,518

Approved by the Board

Daniel McNeely
Chairman of the Board

Elizabeth Wyman
Chairperson of the Audit Committee

Northwest Territories Development Corporation

Consolidated Statement of Cash Flow

For the years ended March 31,	1999	1998
Operating activities		
Net income (loss)	\$ (2,043,723)	\$ 237,323
Items not affecting cash		
Amortization	1,045,874	1,536,630
Amortization of deferred capital contributions - GNWT	(136,739)	(715,267)
Gain on disposal of capital assets	(274,788)	-
Provision for loss on investments	1,075,125	137,250
Change in non-cash operating working capital (Note 11a)	(276,287)	(522,867)
Cash flows from operating activities	(610,538)	673,069
Financing activities		
Contribution from the Government of the Northwest Territories (Note 11b)	1,186,252	2,454,944
Issue of long-term debt	2,005,923	-
Contribution to sinking fund	(54,000)	-
Cash flows from financing activities	3,138,175	2,454,944
Investing activities		
Investment in venture investments	(2,337,200)	(124,000)
Investment in capital assets	(1,217,403)	(1,513,670)
Proceeds from disposal of capital assets	280,608	-
Dividends on venture investments	80,190	54,415
Cash flows from investing activities	(3,193,805)	(1,583,255)
Increase (Decrease) in cash	(666,168)	1,544,758
Cash, beginning of year	2,231,027	686,269
Cash, end of year	\$ 1,564,859	\$ 2,231,027
Represented by		
Cash	\$ 1,850,735	\$ 2,907,425
Reserve funds	985,159	511,617
Bank indebtedness	(1,271,035)	(1,188,015)
	\$ 1,564,859	\$ 2,231,027

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

1. Authority and operations

(a) Authority

The Corporation is a crown corporation of the Government of the Northwest Territories and operates under the authority of the Northwest Territories Development Corporation Act which came into effect August 24, 1990 and the Financial Administration Act.

(b) Operations

The Corporation directly invests in or operates business enterprises in accordance with the economic objectives of the Government of the Northwest Territories through equity investments, loans and subsidies. These economic objectives are to create employment and income opportunities for residents of the Northwest Territories, primarily in small communities, to stimulate growth of businesses in the Northwest Territories and to promote economic diversification and stability. It is the intention of the Corporation to divest itself of its subsidiary investments once the subsidiary has attained a sustainable level of profitability.

(c) Economic Dependency

The Corporation is economically dependent upon the Government of the Northwest Territories continuing contributions for operations and investments.

(d) Taxes

The Corporation and its subsidiaries are exempt from municipal and territorial taxes pursuant to Section 27 of the Northwest Territories Development Corporation Act. Furthermore, the Corporation and its subsidiaries are exempt from federal income taxes, pursuant to Paragraph 149(1)(d) of the Income Tax Act (Canada).

(e) Division

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force. As a result, all operations in Nunavut will be taken over by the Government of Nunavut and its crown corporations. Notwithstanding this significant change in future operations, these financial statements have been prepared on a going concern basis. It is not practical to determine the potential impact on future operations of the two Development Corporations. Note 14 provides further information relevant to this subsequent event.

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

2. Accounting Principles

(a) Principles of Consolidation

These consolidated financial statements include the accounts of the parent company, Northwest Territories Development Corporation, and its subsidiaries. At March 31, 1999 these subsidiaries were:

Subsidiary	Location	Percentage Ownership	Incorporation Date
Arctic Foods			
Kitikmeot Foods Ltd.	Cambridge Bay, NWT	98%	April 9, 1992
Pangnirtung Fisheries Ltd.	Pangnirtung, NWT	51%	September 11, 1992
Keewatin Meat & Fish Ltd.	Rankin Inlet, NWT	100%	October 2, 1992
933261 N.W.T. Ltd.	Whale Cove, NWT	51%	February 1, 1993
Light Manufacturing			
913044 N.W.T. Ltd. (o/a Fort McPherson Tent & Canvas)	Fort McPherson, NWT	100%	September 25, 1991
Jessie Oonark Ltd.	Baker Lake, NWT	100%	September 25, 1991
Ivalu Ltd.	Rankin Inlet, NWT	100%	October 2, 1992
963904 N.W.T. Ltd. (o/a Dene Creations)	Lutsel K'e NWT	51%	March 21, 1996
Aklavik and Tuktoyaktuk Furs Ltd.	Aklavik, NWT	100%	June 30, 1997
Muskox Leather Inc.	Yellowknife, NWT	100%	August 25, 1998
Fine Arts and Souvenirs			
Acho Dene Native Crafts Ltd.	Fort Liard, NWT	100%	October 15, 1992
Uqurmiut Arts & Crafts (1993) Ltd.	Pangnirtung, NWT	51%	March 1, 1994
Taluq Designs Ltd.	Taloyoak, NWT	51%	April 12, 1995
Kiluk Ltd.	Arviat, NWT	100%	April 3, 1996
Lumber			
Great Slave Lake Forest Products Ltd.	Fort Resolution, NWT	100%	December 13, 1993
Wholesale/Retail Stores			
Nahanni Butte General Store Ltd.	Nahanni Butte, NWT	51%	October 15, 1992
Rae Lakes General Store Ltd.	Rae Lakes, NWT	100%	October 14, 1992
Arctic Canada Trading Co. Ltd.	Yellowknife, NWT	100%	June 28, 1997

On January 1, 1996, Northern Forest Products Ltd. ceased active operation. Effective April 1, 1997 all transactions flowed through Great Slave Lake Forest Products Ltd. The amalgamation of Northern Forest Products Ltd. with Great Slave Lake Forest Products Ltd. was completed March 31, 1999.

On March 6, 1996, Jessie Oonark Ltd. ceased active operations.

On April 12, 1999, 963904 NWT Ltd. (o/a Dene Creations) commenced operations.

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

2. Accounting Principles (continued)

(a) Principles of Consolidation (continued)

The Corporation controls all of its subsidiaries but does not hold 100% interest in all of them. The non-controlling interest in the subsidiaries has been reduced by the losses applicable to the non-controlling interest. The excess, and any further losses, applicable to the non-controlling interest are allocated only to the parent's interest. Subsequent earnings will be allocated proportionately to the non-controlling interest when the parent's previously absorbed losses are recovered.

These consolidated statements include the assets and liabilities of the above named subsidiaries as at March 31, 1999 and the results of their operations for the year then ended.

(b) Financial Instruments

The Corporation's financial instruments consist of cash, reserve funds, accounts receivable, due from GNWT, accounts payable and accrued liabilities, sinking fund, long-term debt and bank indebtedness. These financial instruments may be exposed to significant interest rate and credit risks. The financial statements and accompanying notes contain, according to management's best efforts, the relevant information necessary for a reasonable assessment of these risks. The fair values of these financial instruments, where determinable, approximate their carrying amounts unless otherwise noted.

(c) Cash and Reserve Funds

The Corporation's cash and reserve funds are pooled with the Government's surplus cash that is invested in a diversified portfolio of high grade, short term income producing assets. The cash can be withdrawn at any time and is not restricted by maturity dates on investments made by the Government. The eligible classes of securities, categories of issuers, limits and terms are approved by the Department of Finance. All instruments, depending on the investment class, are rated R-2 or better from the Dominion Bond Rating Service or A-3 or better from the Canadian Bond Rating Service. The Corporation's investment yield at March 31, 1999 was 4.60%. (1998: 4.07%)

(d) Inventory

Inventory is valued at the lower of cost and net realizable value, with cost being determined on a first-in, first-out basis.

(e) Venture Investments

Loans receivable which relate to capital items are carried at the amount of the funds advanced less accumulated provision. When conditions of the loan agreement are not met, the loan becomes immediately due and receivable.

Investments in preferred shares are carried at cost, or at cost less an allowance for loss on realization where there has been a decline in value.

Investments in which the Corporation exercises significant influence are accounted for using the equity method.

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

2. Accounting Principles (continued)

(e) Venture Investments (continued)

Provision for loss on investments is determined following a detailed review of the investments and specific provisions are made for those investments known to be in difficulty. Provision for loss on investments include loan forgiveness and a provision for loss on realization of venture investments. The value of venture investments after provision for loss represents their fair value.

Dividends received are deposited to Contributed Equity - Venture Investments pursuant to Section 17(6) of the Northwest Territories Development Corporation Act and are to be used for additional investments in Venture activities.

(f) Capital Assets

Capital assets are carried at cost less accumulated amortization. Amortization is recorded by the straight line method at rates set out below:

Buildings	5-20%
Trailers	30%
Equipment	10-50%
Office furniture and equipment	10-25%
Leasehold improvements	20-50%
Computer equipment	20-50%
Vehicles	20-30%
Vessel	20%

Additional amortization on capital assets, used in those subsidiaries that are reliant on subsidies to maintain operations, is provided for in order to fully amortize the asset over five years, the estimated life of the subsidy reporting period.

(g) Revenue

Revenue is recognized on an accrual basis.

(h) Business Development Expenses

Business Development expenses include spending on feasibility studies, business plans, investigations, due diligence assessments and appraisals which have been approved by the Board of Directors in accordance with the Corporation's Investment Guidelines. It is the Corporation's policy to charge these expenses to current year operations. The expenses are offset by a contribution received from GNWT.

(i) Employee Leave Benefits

Under their conditions of employment, employees qualify for annual leave. Annual leave is accrued as earned by employees and is payable within one fiscal year.

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

2. Accounting Principles (continued)

(j) Pension Contributions

The Corporation and its employees make contributions to registered retirement pension plans. The Corporation matches contributions made by employees up to established limits. These contributions represent the total pension obligation of the Corporation and are recognized on a current basis.

(k) Contributions from the Government of the Northwest Territories

The Corporation receives a contribution from the Government of the Northwest Territories as set out below. This contribution is used for the purpose set out in the contribution agreement and is not repayable.

The contribution is allocated at the discretion of the Board of Directors for the purposes of acquiring capital and venture investments, providing operating subsidies to subsidiaries based on need, financing head office operations, providing project contributions to approved incorporated investments, paying business development expenses and purchasing capital assets for the Corporation.

The amount of the contribution approved by the Board for investment in majority-owned subsidiaries and for acquisition of capital assets for the Corporation and for working capital advances to the subsidiaries is recorded as Deferred Capital Contribution - GNWT, and is amortized (into income) on the same basis as the related capital assets and investments.

The amount of the contribution approved by the Board for investment in loans receivable, preferred shares or non-controlling interests in common shares is recorded as Contributed Equity - Venture Investments and is recognized in the year for which it is approved by the Legislative Assembly of the Government of the Northwest Territories.

The amount of the contribution approved by the Board for providing operating subsidies to the subsidiaries is recognized in the year that the subsidy is paid to the subsidiary. A subsidy contribution which has not been expended at year end may be carried forward to the following year and is recorded as Deferred Subsidies - GNWT.

The amount of the contribution approved by the Board for providing project contributions is recognized in the year that the project contribution is paid.

The amount of the contribution approved by the Board for financing head office operations and business development expenses are recognized in the year for which it is approved by the Legislative Assembly of the Government of the Northwest Territories.

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

2. Accounting Principles (continued)

(l) Federal and Territorial Funding

The subsidiaries apply directly to specific programs and report the funding on their financial statements when received.

(m) Measurement Uncertainty

The preparation of the financial statements, in accordance with generally accepted accounting principles, requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenditures reported in the financial statements. By their nature, these estimates are subject to measurement uncertainty. The effect on the financial statements of changes to such estimates and assumptions in future periods could be significant, although, at the time of preparation of these statements, the Corporation believes the estimates and assumptions to be reasonable. Some of the more significant management estimates relate to the valuation of venture investments, inventories and the provision made for site restoration (Note 12b).

3. Compliance With Investment And Subsidy Limits

Under section 16(4) of the Northwest Territories Development Corporation Act, the Corporation may pay subsidies to cover operating costs, to its subsidiaries, based on jobs created directly, or indirectly, up to an amount prescribed by regulations under the Act. No regulations have been promulgated under the Act.

The Financial Management Board issued a record of decision dated November 14, 1989 setting an upper limit of \$10,000 per annum for each job created. Sections 16(3) and 17(3) of the Act allows the Corporation to invest in subsidiaries and business enterprises up to a prescribed amount. This prescribed amount is also based on jobs created, directly or indirectly, by that investment. The Financial Management Board's record of decision sets the investment limit at \$100,000 per job created.

The Corporation has not collected information on jobs created to demonstrate that the operational subsidies, or the investments, have not exceeded the maxima stipulated by the Financial Management Board. These financial statements do not reflect any excess subsidies or investments that may be recoverable and repayable to the Government of the Northwest Territories.

The Corporation plans to address the issue of job creation measurement during the 2000/2001 fiscal year.

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

4a. Government Contributions

	1999	1998
Government of the Northwest Territories		
Contribution for subsidies to subsidiaries	\$ 2,623,000	\$ 2,781,292
Project contributions	1,196,540	1,107,468
Contribution to head office	1,061,000	1,331,000
Amortization of deferred capital contribution - GNWT	136,739	715,267
Contribution for business development	154,208	60,296
	5,171,487	5,995,323
Federal and Territorial subsidies to subsidiaries	275,209	241,991
	5,446,696	6,237,314

4b. Extraordinary Item

Insurance proceeds received from the Government of the Northwest Territories by the following companies due to fire damage to buildings, equipment and inventory.

Keewatin Meat & Fish Ltd.	-	1,056,497
Great Slave Lake Forest Products Ltd.	-	80,000
Ivalu Ltd.	-	71,503
Kitikmeot Foods Ltd.	-	66,400
Pangnirtung Fisheries Ltd.	-	28,000
	-	1,302,400
Total Government Contributions	\$ 5,446,696	\$ 7,539,714

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

5. Deferred Capital Contribution

	1999	1998
Opening balance	\$ 4,367,741	\$ 2,857,025
Funding received in the year	492,052	2,225,983
Amortization recognized	(136,739)	(715,267)
Ending balance	\$ 4,723,054	\$ 4,367,741

6. Reserve Funds

Pursuant to Sections 16 and 17 of the Northwest Territories Development Corporation Act, the Corporation is required to establish a Capital Reserve Fund and a Venture Reserve Fund, respectively. The Corporation is to deposit to the Funds an amount equal to 10% of each capital and venture investment, up to a prescribed maximum of \$1 million each.

The Corporation may use the Funds for further investment or financing for its subsidiaries and venture investments through approved drawdowns. The Corporation is required to return amounts in the Capital Reserve Fund that exceed the prescribed maximum of \$1 million to the Consolidated Revenue Fund of the Government of the Northwest Territories. The Corporation is only required to contribute to the Venture Reserve Fund until it reaches the prescribed maximum of \$1 million.

	1999	1998
Capital Reserve Fund		
Opening reserve	\$ 276,851	\$ 99,367
Current year reserve deposit	233,342	177,484
Ending reserve	510,193	276,851
Venture Reserve Fund		
Opening reserve	234,766	222,366
Current year reserve deposit	240,200	12,400
Ending reserve	474,966	234,766
	\$ 985,159	\$ 511,617

Northwest Territories Development Corporation**Notes to Consolidated Financial Statements**

March 31, 1999

7. Venture Investments

	1999	1998
Loan receivable		
Uqurmiut Inuit Artists Association, non-interest bearing, for the purpose of financing building costs, maturing April 1, 2001.	\$ 679,000	\$ 679,000
Less: Provision for loss	(679,000)	(679,000)
	-	-
Investments in preferred shares		
Red Dog Mountain Contracting Limited	1,555,200	-
963912 N.W.T. Ltd (Great Bear Lake Lodges)	513,500	513,500
953801 N.W.T. Ltd. (Rae-Edzo)	294,350	294,350
175119 Canada Inc. (Norweta Cruises)	273,311	273,311
933273 N.W.T. Ltd. (West Baffin)	250,000	250,000
Wekweti Development Corporation	220,000	220,000
Fyremaster Equipment Sales & Service (Hay River) Ltd.	200,000	-
Two River Development Group Ltd.	160,000	-
Nats'enelu Ltd.	150,000	-
Great Circle Entertainment Ltd.	130,000	130,000
Red River Incorporated Band Ltd.	100,000	100,000
974104 N.W.T. Ltd. (Deline)	100,000	-
North Nahanni Naturalist Lodge Ltd .	100,000	-
Aboriginal Language Services Corporation	42,000	-
F.C. Services Ltd.	30,000	-
	4,118,361	1,781,161
Less: Provision for loss	(1,880,411)	(805,286)
	\$ 2,237,950	\$ 975,875

Investments in preferred shares carry the right of conversion to common shares. This right may result in the holding of a controlling interest under certain circumstances. Preferred shares are redeemable at the option of the Corporation, and earn dividends at variable rates. Dividends have been waived for the first three years for certain of the investments. Venture dividends received during 1999: \$80,190 (1998: \$54,415).

Northwest Territories Development Corporation**Notes to Consolidated Financial Statements**

March 31, 1999

8. Capital Assets

	Cost	Accumulated Amorization	1999 Net Book Value	1998 Net Book Value
Land	\$ 3,197	\$ -	\$ 3,197	\$ 3,197
Buildings	13,188,641	12,485,598	703,043	749,133
Equipment	3,994,150	3,760,206	233,944	24,952
Leasehold improvements	587,757	565,442	22,315	72,662
Office and equipment	429,490	413,188	16,302	16,305
Computer equipment	365,250	199,437	165,813	161,343
Vehicles	210,547	167,500	43,047	-
Trailers	197,765	197,765	-	-
Vessel	26,137	20,497	5,640	-
	\$ 19,002,934	\$ 17,809,633	\$ 1,193,301	\$ 1,027,592

9. Bank Indebtedness

Bank indebtedness represents bank overdrafts and demand loans secured by a debenture over inventory and capital assets. Interest on demand loans is at prime plus 0.5%.

	1999	1998
Bank loans	\$ 1,125,000	\$ 955,000
Bank overdrafts	146,035	233,015
	\$ 1,271,035	\$ 1,188,015

Northwest Territories Development Corporation**Notes to Consolidated Financial Statements**

March 31, 1999

10. Long-term Debt

	1999	1998
Aurora Fund loan repayable at end of term. Simple interest of 7.00% is payable monthly. Due January 2004.	\$ 1,620,000	\$ -
Komatsu International Credit term loans repayable in monthly installments of \$10,558, interest at 5.65%. Due July 2002.	385,923	-
	\$ 2,005,923	\$ -
Less: Current portion of long-term debt	\$ 109,567	\$ -
	\$ 1,896,356	\$ -

Estimated aggregate repayments of long-term debt are as follows:

2000	109,567
2001	114,004
2002	120,615
2003	41,737
2004	1,620,000
	\$ 2,005,923

In relation to the Aurora Fund loan, the Corporation is required to make monthly payments into a sinking fund held by a trustee, the Pacific & Western Group of Companies, for the redemption of long-term debt. The required monthly payment is \$27,000 less interest of 6.00% earned on the outstanding monthly balance. At the end of the five year term the balance of the sinking fund will be used to repay the full amount of the loan.

Northwest Territories Development Corporation**Notes to Consolidated Financial Statements**

March 31, 1999

11. Consolidated Statement of Cash Flow - Summaries**(a) Changes in Non-cash Operating Working Capital**

	1999	1998
Accounts receivable	\$ (327,925)	\$ 129,131
Dividends receivable	26,213	(17,625)
Due from - GNWT	329,000	(329,000)
Inventory	(548,832)	184,486
Deposits and prepaid expenses	(13,958)	16,360
Accounts payable and accrued liabilities	(140,785)	(506,219)
Site restoration reserve	400,000	-
	\$ (276,287)	\$ (522,867)

(b) Contribution From GNWT

Capital funds	\$ 492,052	\$ 2,225,983
Venture funds	717,200	279,400
Less use of deferred subsidy	(23,000)	(50,439)
	\$ 1,186,252	\$ 2,454,944

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

12. Commitments and Contingencies

(a) Lease Obligations

The Corporation is committed to operating leases for rental of office space and equipment at the future minimum payments as set out below:

	1999	1998
1999	\$ -	\$ 228,292
2000	151,760	181,151
2001	99,989	86,288
2002	101,139	39,588
2003	94,126	-
2004 and thereafter	203,940	-
	\$ 650,954	\$ 535,319

(b) Great Slave Lake Site Restoration Reserve

Great Slave Lake Forest Products Ltd. will cease operations during the 1999-2000 fiscal year. The Corporation will be responsible for site restoration expenses. Management has estimated these costs to be \$400,000 and have accrued this in the current year.

13. Related Party Transactions

The Corporation is a Territorial Crown corporation and is related in terms of common ownership to all Government of the Northwest Territories created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business at normal trade terms.

Transactions with related parties and balances at year end, not disclosed elsewhere in the financial statements, are as follows:

	1999	1998
<u>Revenues</u>		
Sales	\$ 150,334	\$ 131,002
<u>Expenses</u>		
Purchases	\$ 521,108	\$ 469,520
<u>Balances at year end</u>		
Accounts Receivable	\$ 23,456	\$ 362,399
Accounts Payable	\$ 484,144	\$ 439,490

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

14. Subsequent Events

On April 1, 1999, subsequent to the fiscal year end, the Nunavut Act came into force.

(a) Division of assets and liabilities - procedure

The creation of Nunavut requires the transfer of Government assets and liabilities. On March 29, 1999, an agreement between the Government of the Northwest Territories and the Interim Commissioner of Nunavut, set out an approach for the division of the assets, liabilities and surplus/deficit of the Government, including the Northwest Territories Development Corporation. The approach as applied to the Corporation is as follows:

- (i). Allocate the capital assets and the related liabilities of the subsidiaries and venture investments on an as is, where is, basis. Adjust equity for the net amount allocated.
- (ii). Apportion the remaining equity using the agreed upon ratio of 55.66% to the NWT Development Corporation and 44.34% to the Nunavut Development Corporation.
- (iii). Allocate the remaining assets and liabilities on a basis that the two Corporations and Governments agree to be practical, trying to use a geographical basis where possible.
- (iv). Adjust any difference, between the value of assets and liabilities allocated and the equity apportioned, on a basis that the two Corporations and Governments agree to be practical.

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

14. Subsequent Events (continued)

(b) Division of assets and liabilities

Applying the approach described above to the March 31, 1999 financial statements of the Corporation results in the following allocations of the balance sheet:

	March 31, 1999	April 1, 1999 Corporation In	
		NWT	Nunavut
Assets			
Current			
Cash	\$ 1,850,735	\$ 1,430,466	\$ 420,269
Accounts receivable	870,134	422,140	447,994
Dividends receivable	5,250	5,250	-
Inventory	3,549,016	2,271,544	1,277,472
Deposits and prepaids	63,111	41,021	22,090
	6,338,246	4,170,421	2,167,825
Reserve funds	985,159	644,285	340,874
Venture investments	2,237,950	2,050,450	187,500
Capital assets	1,193,301	968,637	224,664
Sinking fund investment	54,000	54,000	-
Total Assets	\$ 10,808,656	\$ 7,887,793	\$ 2,920,863
Liabilities			
Current			
Bank indebtedness	\$ 1,271,035	\$ 758,646	\$ 512,389
Accounts payable	1,476,891	1,057,316	419,575
Deferred capital contribution	4,723,053	2,689,754	2,033,299
Due to Nunavut / (from GNWT)	-	143,962	(143,962)
Provision for site restoration	400,000	400,000	-
Current portion of long term debt	109,567	109,567	-
	7,980,546	5,159,245	2,821,301
Long term debt	1,896,356	1,896,356	-
	9,876,902	7,055,601	2,821,301
Equity			
Contributed surplus - GNWT	715,253	715,253	-
Contributed equity - Venture Inv.	5,349,819	3,744,799	1,605,020
Deficit	(5,133,318)	(3,627,860)	(1,505,458)
	931,754	832,192	99,562
Total Liabilities and Equity	\$ 10,808,656	\$ 7,887,793	\$ 2,920,863

Northwest Territories Development Corporation

Notes to Consolidated Financial Statements

March 31, 1999

15. Segmented Information

	Arctic Foods	Light Manufacturing	Fine Arts & Souvenirs	Lumber	Wholesale Retail Stores	Subsidiaries Total	Inter- Segment	Corporate	1999 TOTAL	1998 TOTAL
Sales	\$ 2,194,645	\$ 942,376	\$ 942,503	\$ 692,502	\$ 3,938,002	\$ 8,710,028	\$ (1,426,004)	\$ -	\$ 7,284,024	\$ 6,571,334
Net loss from operations	\$ 915,069	\$ 928,847	\$ 641,617	\$ 1,689,391	\$ 1,578,326	\$ 5,753,250	-	\$ 2,272,202	\$ 8,025,452	\$ 7,307,291
Amortization	\$ 263,650	\$ 38,622	\$ 6,113	\$ 525,883	\$ 122,495	\$ 956,763	-	\$ 89,111	\$ 1,045,874	\$ 1,536,630
Assets										
Current	\$ 932,855	\$ 992,446	\$ 594,654	\$ 817,063	\$ 1,981,456	\$ 5,318,474	-	\$ 1,019,772	\$ 6,338,246	\$ 6,859,434
Capital & other	97,318	136,120	11,908	-	151,559	386,905	-	4,073,505	4,470,410	2,515,084
	\$ 1,030,173	\$ 1,128,566	\$ 606,562	\$ 817,063	\$ 2,133,015	\$ 5,715,379	-	\$ 5,093,277	\$ 10,808,656	\$ 9,374,518
Capital expenditures	\$ 360,970	\$ 174,743	\$ 14,824	\$ 525,883	\$ 87,831	\$ 1,164,251	-	\$ 53,152	\$ 1,217,403	\$ 1,513,670

Inter-segment sales are accounted for at prices comparable to open market prices for similar products and services.

Northwest Territories Development Corporation**Schedule - Consolidated Selling and Administrative Expenses**

For the years ended March 31,	1999	1998
Salaries and wages	\$ 3,357,546	\$ 2,958,695
Office and general	402,217	477,243
Bank charges and interest	156,502	140,016
Rent	444,104	426,743
Utilities	444,701	371,595
Travel	419,457	345,733
Advertising and promotion	341,546	125,775
Bad debts	42,392	23,981
Board members	80,139	71,713
Building expense	-	2,532
Professional fees	174,036	631,470
Telephone	161,954	171,312
Workshops	271,311	277,423
	\$ 6,295,905	\$ 6,024,231

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Government of the Northwest Territories

Department of Public Works and Services

Granular Program Revolving Fund

Financial Statements

for the year ended

March 31, 1999

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Granular Program Revolving Fund

Balance Sheet
as of March 31, 1999

	<u>ASSETS</u>	<u>1999</u>	<u>1998</u>
Current			
Accounts Receivable			
Government of the Northwest Territories Departments	-	-	
Northwest Territories Housing Corporation	1,815	1,815	
Commercial Enterprises	-	19,292	
Municipalities	209	210	
Individuals	1,012	459	
		<u>3,036</u>	<u>21,776</u>
Prepaid Expenses	-	-	
		<u>3,036</u>	<u>21,776</u>
Fixed Assets			
Screeners	425,533	425,533	
Less: Accumulated Depreciation (Note 1)	236,417	215,478	
		<u>189,116</u>	<u>210,055</u>
Granular Inventories (Note 2)	4,743,316	6,164,215	
	<u>4,935,468</u>	<u>6,396,046</u>	
	<u>LIABILITIES</u>		
Current			
Accounts payable and accrued liabilities	-	1,095	
Holdback payable	-	-	
		<u>-</u>	<u>1,095</u>
Long-term			
Retained earnings	-	-	
Due to the Government of the Northwest Territories	4,935,468	6,394,951	
	<u>4,935,468</u>	<u>6,394,951</u>	
	<u>4,935,468</u>	<u>6,396,046</u>	
Approved by Management:			
 _____ Bruce Cates Director, Corporate Services	 _____ Bruce Rattray Deputy Minister		

GOVERNMENT OF THE NORTHWEST TERRITORIES

Granular Program Revolving Fund

Income Statement
as of March 31, 1999

	1999	1998
Sales		
Government of the Northwest Territories	188,194	20,095
Northwest Territories Housing Corporation	-	-
Commercial enterprises	15,425	18,676
Municipalities	18,570	18,143
Individuals	888	184
	<u>223,077</u>	<u>57,098</u>
Opening inventory	6,164,215	6,196,950
Operating costs		
Depreciation of screeners	20,940	23,342
Surveys	-	-
Rental of equipment	-	-
Duty travel-Investigations & Surveys/Production costs	-	-
Production costs	-	1,021
	<u>20,940</u>	<u>24,363</u>
Cost of Goods Available for Sale	6,185,155	6,221,313
Less inventory revaluation (Note 3)	323,276	-
Less inventory writedown/write-off (Note 4)	895,486	-
Less closing inventory	<u>4,743,316</u>	<u>6,164,215</u>
Cost of goods sold	<u>223,077</u>	<u>57,098</u>
Net operating profit (loss)	<u>-</u>	<u>-</u>

GOVERNMENT OF THE NORTHWEST TERRITORIES

Granular Program Revolving Fund

Notes to Financial Statements
as of March 31, 1999

Significant accounting policies

1. Fixed assets (screeners) are depreciated at the rate of 10% per year.
2. Inventories are valued at market value less sales which is assumed to equal net realizable value.
3. Net Inventory Revaluation:
 - a) Production value adjusted incorrectly. Taloyoak pile increased by 1408m³, with adjusting \$ value of \$59,840.
 - b) Volume adjustment, (report by Stanley Associates Engineering Ltd.) due to handling losses & natural losses (embankment losses, base consolidation, freeze/ thaw cycles, water/ice contamination, age of stockpile), decreasing volume by 8998m³, and \$ value by \$383,116.
4. Inventory writedown/write-off as per FMB Record of Decision FB-98-25-11(a) approving the writedown of the existing inventory of the Community Granular Program in the \$ value of \$657,716, and the write-off of \$237,770, for some of the Western Arctic stockpiles.

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Government of the Northwest Territories

Department of Education, Culture and Employment

Student Loan Revolving Fund

for the year ended

March 31, 1999

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Student Loan Revolving Fund for the year ending March 31, 1999

STATEMENT OF OPERATIONS

	1999 (thousands of dollars)	1998 (thousands of dollars)
Loans receivable, opening balance	\$ 19,847	\$ 18,411
Add: Loans granted during the year	3,910	3,950
Reversal of previous loan remissions	<u>3</u>	<u>0</u>
	23,760	22,361
Less: Principal amount of loans repaid	1,438	1,194
Principal amount of loans written off	98	74
Principal amount of loan remissions	<u>1,525</u>	<u>1,245</u>
Loans receivable, closing balance	20,699	19,848
Less: Estimated provision for remission and written off accounts	<u>11,617</u>	<u>10,980</u>
Net loans receivable, closing balance	<u>\$ 9,082</u>	<u>\$ 8,868</u>

Effect of Student Loan Revolving Fund on Government Operations

Interest earned and credited to general revenues	365	398
Less: Financial Collection Agency fees	12	12
Estimated provision for remission and written off accounts	<u>2,257</u>	<u>2,278</u>
Operating deficiency for the year	<u>\$ 1,904</u>	<u>\$ 1,892</u>

- (1) During the fiscal year the allowance for remission and written off accounts was increased by \$2,257,000 (1997-98 - \$2,278,000). These allowances represent estimated accrued expenses charged against the Consolidated Revenue Fund. These expenses represent loans that are unlikely to be collected, or loans which qualify for remission.
- (2) During the fiscal year, loans totalling \$98,068 (1997-98 - \$74,234) were written off due to uncollectability, \$1,524,914 (1997-98 - \$1,245,322) were remitted, and \$35,903 (1997-98 - \$35,361) were funds collected by the FCA.
- (3) No costs for administration of the Student Loan Fund are included.

APPROVED:

Mark Cleveland
Deputy Minister
Department of Education, Culture and Employment

Paul Devitt
Director, Financial & Mgmt. Services
Department of Education, Culture and Employment

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Government of the Northwest Territories

**Department of Resources, Wildlife and
Economic Development**

Fur Marketing Service Revolving Fund

**for the year ended
March 31, 1999**

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

**Fur Marketing Service Revolving Fund
March 31, 1999**

	<u>1999</u>	<u>1998</u>
Receivable balance, beginning of the year	\$ 206,787	\$ 197,260
Add: Total amount of receivables issued	231,427	303,656
Less: Total amount of receivables repaid	<u>241,487</u>	<u>294,128</u>
Fund Balance, end of the year	<u>\$ 196,727</u>	<u>\$ 206,787</u>

Note: The purpose of this fund is to provide working capital for the operation of a fur receivable system. Trappers receive interest free loans on fur sent to southern auction houses. The authorized limit of the fund is \$900,000 (1998 - \$900,000).

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Government of the Northwest Territories

**Department of Resources, Wildlife and
Economic Development**

Reforestation Special Purpose Fund

**for the year ended
March 31, 1999**

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

**Reforestation Special Purpose Fund
March 31, 1999**

	<u>1999</u>	<u>1998</u>
Receivable balance, beginning of the year	\$ 908,863	\$ 1,012,261
Add: 1998-99 Revenues	385,452	31,024
1998-99 Accrued Fees	443,000	664,271
1996-97 Additional Expenditure	(8,859)	0
1998-99 Reversal of Expenditure	6,554	0
1998-99 Additional Revenue from Consolidated Revenue	34,373	0
Less: 1998/99 Expenditures	604,342	743,473
Reversal of Prior Year Accrued Fee	664,271	0
1996-97 Accrued Receivables Overstated	<u>0</u>	<u>55,220</u>
Accumulated Surplus as at March 31, 1999	<u>\$ 500,770</u>	<u>\$ 908,863</u>

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Government of the Northwest Territories

Department of Public Works and Services

Public Stores Revolving Fund Inventories

**for the year ended
March 31, 1999**

(unaudited)

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GOVERNMENT OF THE NORTHWEST TERRITORIES

Schedule of Public Stores Revolving Fund Inventories for the year ended March 31, 1999

Public Stores	Balance March 31, 1998	Net Receipts	Net Issues	Board of Survey	Inventory (Write-downs) Write-ups	Balance March 31, 1999
Yellowknife	\$ 131,761	\$ 415,302	\$ 383,623	\$ -	\$ -	\$ 163,440
Iqaluit	21,737	17,017	38,747	-	-	7
	<u>\$ 153,498</u>	<u>\$ 432,319</u>	<u>\$ 422,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,447</u>

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